



STATE OF TENNESSEE
TREASURY DEPARTMENT

**REQUEST FOR PROPOSALS # 30901-35618
AMENDMENT # 1
FOR STATE CASH MANAGEMENT BANKING
SERVICES**

DATE: June 23, 2017

RFP # 30901-35618 IS AMENDED AS FOLLOWS:

1. This RFP Schedule of Events updates and confirms scheduled RFP dates. Any event, time, or date containing revised or new text is highlighted.

EVENT	TIME (central time zone)	DATE
(1) RFP Issued		June 12, 2017
(2) Disability Accommodation Request Deadline	2:00 p.m.	June 15, 2017
(3) Pre-response Teleconference Conference	10:00 a.m.	June 16, 2017
(4) Notice of Intent to Respond Deadline	2:00 p.m.	June 19, 2017
(5) Written "Questions & Comments" Deadline	2:00 p.m.	June 22, 2017
(6) State Response to Written "Questions & Comments"		June 28, 2017
(7) Final Written "Questions & Comments" Deadline	2:00 p.m.	July 7, 2017
(8) State Response to Written "Questions & Comments"		July 14, 2017
(9) Response Deadline	2:00 p.m.	August 7, 2017
(10) State Completion of Technical Response Evaluations		August 14, 2017
(11) State Opening & Scoring of Cost Proposals		August 17, 2017
(12) State Notice of Intent to Award Released <u>and</u> RFP Files Opened for Public Inspection		August 21, 2017
(13) End of Open File Period		August 28, 2017
(14) State sends contract to Contractor for signature		August 29, 2017
(15) Contractor Signature Deadline	2:00 p.m.	August 31, 2017

2. **Delete RFP #30901-35618, in its entirety, and replace it with RFP #30901-35618, Release # 2, attached to this amendment.** Revisions of the original RFP document are emphasized within the new release. **Any sentence or paragraph containing revised or new text is highlighted.**
3. **RFP Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFP not expressly amended herein shall remain in full force and effect.



**STATE OF TENNESSEE
TREASURY DEPARTMENT**

**REQUEST FOR PROPOSALS
FOR
STATE CASH MANAGEMENT BANKING SERVICES
RFP # 30901-35618
RFP CONTENTS**

SECTIONS:

- 1. INTRODUCTION**
- 2. RFP SCHEDULE OF EVENTS**
- 3. RESPONSE REQUIREMENTS**
- 4. GENERAL CONTRACTING INFORMATION & REQUIREMENTS**
- 5. EVALUATION & CONTRACT AWARD**

ATTACHMENTS:

- 6.1. Response Statement of Certifications & Assurances**
- 6.2. Technical Response & Evaluation Guide**
- 6.3. Cost Proposal & Scoring Guide**
- 6.4. Reference Questionnaire**
- 6.5. Score Summary Matrix**
- 6.6. Pro Forma Contract**
- 6.7. Schedule of Wire Transfer Volumes**
- 6.8. Schedule of In-Clearing Cash letter Activity**
- 6.9. Schedule of 12-month ACH Origination and Receipts Volumes**
- 6.10. Schedule of Typical Month ACH Origination by Day**
- 6.11. Schedule of Typical Month Image Cash letter (ICL) Deposit Volume**
- 6.12. Schedule of Typical Month Custody Account Balances by Day**
- 6.13. Schedule of Investment Vehicle Balance Variability**
- 6.14. File Formats: ACME Input and Output Wire Transfer Files**
- 6.15. File Formats: Image Cash Letters**
- 6.16. Current Operating Procedures**

1) INTRODUCTION

The State of Tennessee, Treasury Department, hereinafter referred to as “the State,” has issued this Request for Proposals (RFP) to define minimum contract requirements; solicit responses; detail response requirements; and, outline the State’s process for evaluating responses and selecting a contractor to provide the needed goods or services.

Through this RFP, the State seeks to procure necessary goods or services at the most favorable, competitive prices and to give ALL qualified businesses, including those that are owned by minorities, women, Tennessee service-disabled veterans, and small business enterprises, an opportunity to do business with the state as contractors, subcontractors or suppliers.

1.1. Statement of Procurement Purpose

The State intends to secure a contract for various banking and treasury management services relative to the State Treasurer’s responsibility for securing public funds, coordinating the banking activities for the State, and managing the State’s Pooled Investment Fund (SPIF). The services requested in this solicitation are described in RFP Attachment 6.6 *Pro Forma* Contract, Section A Scope of Services, and include account level services; incoming and outgoing wire transfer services; Automated Clearing House (ACH) origination and receipts processing and settlement; State of Tennessee check in-clearing and return cash letter, adjustments and service fee billing settlement from the Federal Reserve Bank; custody account services for securities and investments clearing through Federal Reserve Book Entry and the Depository Trust Company; an overnight cash investment vehicle; Image Cash Letter (ICL) depository services, bank deposit investment options for the State’s 529 savings plans, check cashing/dispensing and ATM services, and storage of gold and other precious metals.

During the term of the contract, the State intends to cease using its own mainframe operating systems for both the ACH processing (currently using Fiserv’s PEP+ mainframe system) and the Warrant & Check Processing (currently using Fiserv’s ARP/SMS system) and utilize the processing systems and services offered by the bank. The State and the successful Respondent will develop written Operating Procedures for the services relative to the State’s transition off of these systems, including file processing, archival needs and online reporting, pursuant to Section A.2 of the *Pro Forma* Contract (RFP Attachment 6.6).

The following is additional background information, relevant to preparing a Proposal to this RFP, and pertaining to the State’s internal banking operations, processing and accounting needs relative to the services requested in this RFP.

1.2. Background

The information in this section provides additional background information, including internal processing, operations and accounting requirements relative to certain requested services included in RFP Attachment 6.6 *Pro Forma* Contract, Section A Scope of Services. This information is provided to assist the Respondent’s understanding of the State’s unique approach to these particular services. In addition to the information below, relevant transaction and balances schedules, as well as wire transfer and ICL file formats, are provided in RFP Attachments 6.7 through 6.15. For each of the applicable areas, the current services are described below. It is the State’s expectation that unless otherwise indicated in this RFP or RFP Attachment 6.6 *Pro Forma* Contract, services will be transitioned to the successful Respondent 60 days from the effective date of the contract, or at a later date at the sole discretion of the State.

In addition, there is a separate section entitled **Expanded Services** under each heading, where applicable. These sections further describe the processes that will be transitioned to the bank and the State’s intended timeframes for transitioning the services. The detailed procedures relative to these processes will be developed by the State and the successful Respondent, and included in the

written Operating Procedures pursuant to Section A.2 of the *Pro Forma* Contract (RFP Attachment 6.6).

1.3. Services Requested

1.3.1. Automated Clearing House (ACH) Services (refers to RFP Attachment 6.6 *Pro Forma* Contract, Section A.6)

1.3.1.1. ACH Originations

The State internally uses the Fiserv PEP+ ACH system to process ACH files generated by various State agencies' applications (or by the agencies' third-party contractors), and to distribute the ACH origination entries, in NACHA format (with no settlement offset entries included on the files), to the ACH bank throughout the day. The various State agency origination files use different batch and entry descriptions, including different prefixes along with the State's Tax ID Number for the Company ID Numbers. It is the State's intent, under the contract awarded pursuant to this RFP, to cease processing the State agencies' ACH Originations through the State's PEP+ ACH system, and deliver files to the successful Respondent for processing, as further described in RFP Section 1.3.1.6.6

Expanded ACH Services. The detailed procedures relative to these processes will be developed by the State and the successful Respondent, and included in the written Operating Procedures pursuant to Section A.2 of the *Pro Forma* Contract (RFP Attachment 6.6).

1.3.1.2. ACH Origination Distributions to Bank

The current normal distribution windows for ACH Origination files to the ACH bank are at approximately 11:00 a.m. and 3:30 p.m. On occasion, an additional distribution to the ACH bank is necessary in order to accommodate late arrival of files to the State, or files that PEP+ suspends in the last distribution due to edit or processing exceptions. The State's ACH origination activity is typically distributed to the ACH bank by the last normal distribution time of approximately 4:00 p.m., and most of the State's ACH origination batches carry a next-day effective date, with the exception of main payrolls, but the State needs the ability, in the event of a technical problem or other delay, to distribute files to the ACH bank as late as possible into the evening, in order to obtain next-day settlement of the entries. It is the State's intent, under the contract awarded pursuant to this RFP, to cease processing the State agencies' ACH Originations through the State's PEP+ ACH system, and deliver files to the successful Respondent for processing, as further described in RFP Section 1.3.1.6.6 **Expanded ACH Services.** The detailed procedures relative to these processes will be developed by the State and the successful Respondent, and included in the written Operating Procedures pursuant to Section A.2 of the *Pro Forma* Contract (RFP Attachment 6.6).

1.3.1.3. ACH Origination Settlement & Return Entries

The State prefers that the ACH origination activity settle to the State's Settlement Account, as defined in RFP Attachment 6.6 *Pro Forma* Contract, Section A.4.a., with the ACH bank by posting totals of debit and credit entries at the Company Batch level. The State currently receives ACH receipts, returned ACH origination entries and notifications of change on a single daily consolidated file, typically before 6:00 a.m., from the ACH bank, along with ACH debit and credit receipts entries, in NACHA format. The file is processed in the PEP+ ACH system and returned items are distributed back to the originating State agencies. It is the State's intent, under the contract awarded pursuant to this RFP, to cease processing the State agencies' ACH Originations through the State's PEP+ ACH system, and deliver files to the successful Respondent for processing, as further described in RFP Section 1.3.1.6.6 **Expanded ACH Services.** The detailed procedures relative to these processes will be developed by the State and the successful Respondent, and included in the written Operating Procedures pursuant to Section A.2 of the *Pro Forma* Contract (RFP Attachment 6.6).

1.3.1.4. Composite Receiver File

The State currently receives a Composite Receiver File (CRF) from its ACH bank at the end of each month. The CRF is used to refresh the State's PEP+ Financial Institution table and is used by various

State applications to validate ACH routing numbers. The State prefers to continue to receive the CRF at least monthly from its ACH bank in order to maintain a current version of its ACH Financial Institution table.

1.3.1.5. Origination History

Currently, the State receives origination files from 6 different state agencies and 4 third party vendors. These agencies or vendors create 50 different ACH originations that could be processed on any day. In a given month, when accumulated by ACH effective date, the maximum total amount of ACH Credits originated over a multiple day consecutive period for the same effective date is \$700,000,000, and the maximum total amount of ACH Debits originated over a multiple day consecutive period for the same effective date is \$350,000,000.

Transaction volumes and daily settlement amounts relating to the State's ACH origination activity are presented in Attachments 6.9 and 6.10.

1.3.1.6. ACH Receipts

The State currently receives ACH debit and credit receipt entries through an ACH Receiving Depository Financial Institution (RDFI) Number that has been designated by the State's ACH bank for the exclusive use of the State.

1.3.1.6.1. Use of State's Designated ACH Routing Number

This designated ACH routing number referred to above will be transferred to the winning Respondent upon the commencement of ACH Receipts processing and settlement. **The winning Respondent will be required to register the State's designated ACH routing number under its financial institution with the Routing Number Administrative Board for the duration of the contract and the Respondent agrees to the transfer of the ACH Routing Number to the State's successor ACH bank at the conclusion of the contract.**

1.3.1.6.2. State Assigned ACH DFI Account Numbers

The State has assigned over 250 of its own DFI account numbers utilizing the RDFI Number above to State agencies for their use in receiving their ACH entries, enabling the State to identify, segregate, report, and allocate the entries. The unique DFI account numbers enable proper accounting and routing of the entries to agencies. **The State DOES NOT intend to convert these current DFI account numbers to new account numbers. These DFI account numbers & the ACH routing transit number will be transferred to the winning Respondent.** The State intends to continue receiving ACH entries through multiple DFI account numbers as described above. Although the bank does not maintain these unique DFI account numbers on their system, the bank does filter all ACH receipts to validate the DFI account number is a valid ACH account number per a listing that the State supplies to the bank.

The State currently receives ACH receipts entries (along with returned ACH origination entries and notifications of change) on a single daily consolidated file, in NACHA format from the ACH bank, typically before 6:00 a.m. With the Same Day ACH option being available in September 2016 for ACH credits and September 2017 for ACH debits, the State will consider the options that the State will have with the Respondent for processing multiple activity files during the day. The State's PEP+ ACH system is currently configured to perform special processing and output distribution of entries received based upon the first 3 positions of the DFI account number. The daily ACH receipts received through this designated RDFI Number are posted to the State's Settlement Account with the ACH bank at the **file total debit and credit amounts.**

1.3.1.6.3. State Handling of "On Us" Items

Note that the State originates some ACH entries carrying the State's Receipts Routing Transit Number and account numbers for "on-us" processing and internal file distribution (example: State Payroll designates the Child Support ACH Receipts routing and account number for making State employee child support payments to DHS Child Support). These "on-us" entries would not generate cash settlement at the bank, but would merely be processed by the bank and directed back to the State on the applicable ACH Receipts distributions.

1.3.1.6.4. File transmission to Centralized Accounting System, Edison

In addition to processing the returns entries from the bank in PEP+, the State sends a copy of the daily returns and receipts file to the State's Edison system for accounting purposes. The State currently receives this data in a daily file from the bank. However, multiple files may be determined to be the best alternative for Same Day ACH settlement and the State will consider that option and any other changes needed for this option.

1.3.1.6.5. ACH Receipts History

Transaction volumes relating to the State's ACH receipts activity are presented in Attachment 6.9.

1.3.1.6.6. ACH Expanded Services

The State will cease using its own PEP+ ACH processing system and utilize ACH processing services offered by the bank. The State currently distributes its Origination files out of its PEP+ system to the bank under one File Header for the State, with each of the agency origination files included as separate batches in the file. Under the expanded services model, the State will not process the agencies' origination files through its PEP+ ACH system, however these files will be delivered to the bank by the State in a manner that is centrally controlled at the State by the Treasury Department, and in accordance with delivery procedures developed by the State and the successful Respondent, and included in the written Operating Procedures pursuant to Section A.2 of the *Pro Forma* Contract (RFP Attachment 6.6). The State needs to retain the ability to track and monitor Origination files, reconcile the State's Origination activity as it is occurring, and balance the settlement of the Origination activity daily.

The State's PEP+ system is currently configured to route some Originated returns back to the Originator agency on separate files by application or consolidated files by agency, while other returns are merely reported on PEP+ reports sorted by Origination and provided to agencies via the State's reporting application – Infopac/Document Direct. The State controls the access to the PEP+ reports on the reporting system and authorized agency staff can login and access returns reports for their specific Originations. The State intends to continue to receive ACH Origination returns on files from the bank and to use the bank's reporting system in a similar manner and cease use of the Infopac/Document Direct application. Such procedures will be developed by the State and the successful Respondent, and included in the written Operating Procedures pursuant to Section A.2 of the *Pro Forma* Contract (RFP Attachment 6.6).

It is the State's intent to not commence ACH Origination services and ACH Receipts services under the contract awarded pursuant to this RFP, until the State 1) implements the new internal processes for delivery of State ACH Origination files to the bank and the receipt of ACH Origination Returns files from the bank, 2) tests such delivery processes with the successful Respondent, and 3) develops the written Operating Procedures for expanded ACH Origination and Receipts services with the successful Respondent. Therefore, ACH Origination and Receipts services under the contract awarded pursuant to this RFP will be effective **January 2, 2018**, or at a later date as determined at the sole discretion of the State.

1.3.2. Settlement of State of Tennessee In-clearing Items and Related FRB Service Fees (refers to RFP Attachment 6.6 *Pro Forma* Contract, Section A.7)

1.3.2.1. Use of State's Designated Routing Number

Warrants and checks issued by the State of Tennessee clear through the Federal Reserve Bank against an **additional Routing Transit Number registered to the State of Tennessee**. The State has **seven different disbursement accounts** that are used to account for these various warrant and check issues separately. **It is the State's intent to continue to use its existing Routing Transit number and existing bank account numbers to track the warrant & check processing.**

1.3.2.2. Correspondent Agreement

The State of Tennessee does not have an account with the Federal Reserve Bank to settle cash letters, returns, adjustments and related service fee charges. The State requests the Contractor to serve as Correspondent for the State of Tennessee with the Federal Reserve Bank (FRB) to accept and settle the related cash letter charges, adjustment entries and FRB service fee charges to the State's account with the Contractor. The winning Respondent will communicate the FRB cash letter amounts to the State by 1 pm Central Standard Time each banking day in order for the State to balance to its system's update of the daily warrant and check payment files provided directly to the State by the Federal Reserve Bank.

1.3.2.3. Warrant & Check Presentment Paid Files

The State receives multiple Check21 presentment files of its warrant and check payments from the Federal Reserve Bank (FRB) daily. The presentment point for all items issued by the State is the Federal Reserve Bank (no direct financial institution exchange/presentment is conducted).

State Mainframe Processing System

The State utilizes the Fiserv ARP/SMS mainframe system to reconcile check issues and presentment. All State-issued warrants and checks, as well as cancels of issued items, are updated to the system from the various agency disbursement applications. The FRB presentment files are updated to the system daily to reconcile against the issue records. The State conducts a reverse positive pay operation, returning any rejected items for credit through the FRB due to "issue not on file", "stopped or canceled", etc., and requesting debit or credit adjustment for presentment variances. The ARP/SMS system generates daily paid reconciliation files to warrant or check issuing agencies for update to their disbursement systems. This mainframe system also provides periodic account reconciliation, various inquiry and reporting capabilities, and provides functionality for agency staff to place stop-payments and lift-stop-payments on their items.

Warrant & Check Processing Expanded Services

The State intends to cease using its own ARP/SMS processing system and utilize Check & Warrant processing services offered by the bank at the beginning of year two of the contract, which will include presentment point, image and archive services, Check21 cash letter presentment and settlement, adjustment, returns processing and enhanced positive pay options. Detailed procedures for the conversion of these services to the bank shall be contained in the Operating Procedures developed pursuant to RFP Attachment 6.6 *Pro Forma* Contract, Section A.2.

1.3.2.4. Warrant & Check Processing History

A schedule of activity relating to the State's in-clearing cash letters is presented in Attachment 6.8.

1.3.2.5. Negotiable items settling at the aggregate level in the State Settlement Bank account

Checks and Warrants will settle against the routing transit number that is assigned to the State of Tennessee at the Federal Reserve and the ACH Credits & Debits will settle at the RDFI that is assigned to the bank specifically for the State of Tennessee's ACH entries. Both of these functions will settle at the Bank at the aggregate level. No individual negotiable items (Checks, warrants or ACH entries) should settle against the State's settlement account. Fraud detection services should

refuse any items that are at the individual level.

1.3.3. Image Cash Letter (ICL) Check Deposit Services (refers to RFP Attachment 6.6 *Pro Forma* Contract, Section A.8)

The State accepts and receives checks for deposit at various agency mail-in and over-the-counter locations across the State and at some centralized remittance processing sites operated by the agencies or their third-party contractors. The various State agencies use either a front-end cashiering module at the decentralized agency location or use a third party contractor's remittance processing system to create an ICL file. The State currently has 3 separate bank accounts for the ICL Files as shown below:

1.3.3.1. Department of Human Services, Child Support Division

Through its contract with Systems and Methods, Inc. (SMI), the Department of Human Services, Child Support Division operates a central remittance processing site that currently sends daily Check 21 files to the bank.

1.3.3.2. Department of Revenue

The Department of Revenue works with two software vendors that produce in-house ICL files for the Department's various revenue collections and processing.

1.3.3.3. Consolidated ICL file from all other state agencies

A consolidated ICL file from the iNovah system (System Innovators application connected with the state wide Edison accounting system), in ASC ANSI X9.37 standard format (with modifications as contained in RFP Attachment 6.15), is sent from the State to the bank every day at approximately 2:00 p.m. CST.

1.3.3.4. Segregated Bank Accounts

The State currently uses separate bank accounts for each of the above deposit origins in order to segregate the settlement, processing and adjustment activities. **Please note that the State is not soliciting proposals in this RFP for deployment of scanning equipment and hardware associated with remote deposit capture, or for the use of a Respondent's remote deposit capture system.**

1.3.3.5. ICL History & File Format

A schedule of current transaction volumes relating to the State's ICL check deposit applications is presented in RFP Attachment 6.11. The ICL file format currently being used and required by the State to be accepted by the Contractor is provided as RFP Attachment 6.15.

1.3.4. Custodial Services (refers to RFP Attachment 6.6 *Pro Forma* Contract, Section A.9)

The State is responsible for the day-to-day management of several funds. Each of the funds will need separate custody accounts and each will need monthly statements. All trading for these accounts is performed by State staff and trading is complete by 10:00 a.m. on most days. Currently, the State creates a PDF of the trade in the State's internal cash management system, ACME, and emails the PDF copy to the bank. A brief description of each of the accounts is listed below:

1.3.4.1. State Pooled Investment Fund (SPIF)

The SPIF is invested in government and agency securities of the US government, repurchase agreements, and the commercial paper of a limited number of issuers. Therefore, the SPIF will require custody services provided through the Depository Trust Company (DTC) as well as book

entry custody services for the Fed book entry items. The SPIF operates as a stable-dollar fund in accordance with GASB 79. The fund is very liquid and there will be securities maturing each business day to cover the demands of participants of the SPIF, including the State of Tennessee. Because the daily needs of the State are paid from maturing securities, the State requires "contractual" settlement of securities, or immediate funds availability each morning. If there is ever a situation where the bank is not actually paid for a maturing security by the issuer, the State will make the bank whole the following business day.

1.3.4.2. Intermediate Term Investment Fund (ITIF)

The ITIF is a longer duration investment option open to most participants of the SPIF. The fund invests in US government and agency securities with an average maturity of three years or less and has limited activity.

1.3.4.3. Tennessee Wildlife Resources Agency (TWRA)

The TWRA agency specific investment was established by State law to manage assets of the TWRA that are not needed for immediate liquidity. This investment vehicle is only available to the TWRA and invests in US government and agency securities including mortgage-backed securities.

1.3.4.4. Economic and Community Development (ECD)

The ECD agency specific investment was established by State law to manage allocations of the Department of Economic and Community Development that are not needed for immediate liquidity. This investment vehicle is only available to the ECD and invests in US government and agency securities including mortgage-backed securities.

A schedule of a typical month's custody account balances by day is presented in RFP Attachment 6.12.

1.3.4.5. Special Investment Vehicles

The State has various needs for short-term investment accounts. Listed below are three of the accounts that are currently used by the State and details on each of them.

1.3.4.5.1. State Pooled Investment Fund (SPIF) (refers to RFP Attachment 6.6 *Pro Forma* Contract, Section A.10)

The State makes every effort to be 100% invested at all times. Therefore, to maintain adequate liquidity and to remain invested, the State requires a vehicle to invest funds that would be accessible at any time during business hours that would earn hard dollar interest. The amount that will be invested into this vehicle will be relatively stable, but could range on any day from \$0 to a contractual maximum amount of \$100,000,000. While the State may have a need to maintain amounts in the special investment vehicle greater than the contractual maximum amount, such amounts over the contractual maximum amount will not be subject to the earnings rate proposed for the special investment vehicle. The State will make a daily decision to transfer such amounts greater than the contractual maximum amount to an outside investment vehicle, to transfer funds to another investment vehicle with the Contractor, or upon a specific and separate arrangement between the State and the Contractor, to retain the funds in the special investment vehicle where they would receive earnings at the proposed contract earnings rate. The vehicle can be as simple as the balance in the primary operating account (Settlement Account) at the end of the day or can be a sweep account (Deposit Account) separate from the Settlement Account. The State would prefer an interest generating operating account for simplicity, but does seek a competitive rate of return and will consider the sweep option. The balance in the account would be considered a public deposit for collateral purposes and the State will not consider alternative collateralization. The Respondent bank will provide a rate over/under the Federal Reserve Funds rate that will be paid monthly. The

Respondent will propose the specific earnings rate that will be paid monthly as part of the separately prepared RFP Attachment 6.3 *Cost Proposal and Scoring Guide*. **DO NOT QUOTE THE SPECIFIC RATE IN THIS TECHNICAL PROPOSAL.**

The State desires at least a one hundred million dollar (\$100,000,000) net debit intraday cap in the Settlement Account plus, if applicable, the Deposit Account. The State monitors its activity and balances during the day so that once activity settling to the account(s) causes the combined balances to reach a net debit of this amount, the State will transfer funds, generally within 30 minutes, to bring the balances below the net debit cap, with a positive (credit) combined balance maintained overnight.

1.3.4.5.2 Bank Deposit Investment Option for State's 529 Savings Plans (refers to RFP Attachment 6.6 *Pro Forma Contract*, Section A.12)

The State's current vendor bank provides an investment option for participants in the State's §529 College Savings Plan ("TNStars®") and the State's Achieving a Better Life Experience ("ABLE") Program ("ABLE TN"), collectively known as the "529 savings plans". The investment options are interest bearing accounts that are held at the bank and titled for the exclusive benefit of the respective 529 plan participants in order that the FDIC requirements for pass through FDIC deposit insurance may be satisfied. The amount of FDIC insurance provided to each participant is based upon the total of (i) the value of amounts invested on behalf of a participant in the interest bearing account plus (ii) the value of other accounts held by the participant in the same capacity, if any, at the bank, as determined by FDIC regulations. These two omnibus bank deposit accounts have an average daily balance of over \$8.5 million in total that allow for withdrawals or deposits on a daily basis and earn interest for the applicable owners. These accounts are held in the aggregate by the vendor bank with the State's staff being responsible for the participant level details on each applicable program. The State expects the successful Respondent bank to provide the same services at a rate over/under the Federal Reserve Funds rate that will be paid monthly. The Respondent will propose the specific earnings rate that will be paid monthly as part of the separately prepared RFP Attachment 6.3 *Cost Proposal and Scoring Guide*. **DO NOT QUOTE THE SPECIFIC RATE IN THIS TECHNICAL PROPOSAL.**

A schedule indicating the typical daily variability in the SPIF and in the two 529 savings plans for which the State is requesting separate investment vehicles is presented in RFP Attachment 6.13.

1.3.5. Storage of Gold Reserve Optional Service (refers to RFP Attachment 6.6 *Pro Forma Contract*, Section A.18)

Should the State decide to purchase gold or other precious metals, the State expects the successful Respondent bank to securely store the same on behalf of the State.

1.3.6. Check Cashing/Dispensing and Automated Teller Machine Services (refers to RFP Attachment 6.6 *Pro Forma Contract*, Section A.19)

The State Treasurer provides check cashing services for members of the General Assembly and select other State officials who need access to such services. The State currently maintains a \$30,000 cash balance in a State Treasury petty cash account at the current Vendor Bank at one specific branch adjacent to the General Assembly offices at Legislative Plaza in Nashville. The Vendor bank is supplied with a list of authorized employees who may request a check to be cashed at any time. The check cashing service is only authorized at the specified branch and the check cashing service is limited to employees that are on the authorized list. The checks must either be a state of Tennessee warrant or check or a personal check. No third party checks will be cashed. It is anticipated that the General Assembly offices will be relocating to 5th Avenue in Nashville, between the State Capitol complex and across from the Municipal Auditorium and Nashville MTA Music City Central transit facility by mid to late Fall, 2017.

To accommodate the General Assembly at their new offices once their offices are moved, the successful Respondent will provide an automated solution for check cashing, to include cash dispensing combined with Automated Teller Services or KIOSK services located in the General Assembly office building and in the State Capitol. The successful Respondent will have access to the State's database of warrants and other State-issued checks for verification and authorization purposes. The State will maintain its petty cash account with the successful Respondent for purposes of cashing and depositing the checks. Check cashing/dispensing services are to be provided at no cost to the persons cashing checks and at no additional cost to the State. The successful Respondent will be expected to assist the State in developing a solution that is cost neutral for the State as well as the successful Respondent. Such solution may include additional ATM services in the General Assembly office building, State Capitol and other select State central government facilities. The State and the successful Respondent will develop written Operating Procedures for the successful Respondent's performance of those services pursuant to Section A.2 of the *Pro Forma* Contract (RFP Attachment 6.6).

1.3.7. Link and Data Security – Wires, ACH, Custody and ICL (refers to RFP Attachment 6.6 *Pro Forma* Contract, Section A.13)

The amount of data transmitted on existing communication links between the State and its current vendor bank has been relatively stable month-to-month, but can fluctuate significantly on a daily basis. ACH data volume is expected to continue to display modest long-term growth throughout the contract.

The State will require an industry standard secure connection between the successful Respondent bank and the State's data center with sufficient bandwidth to accommodate current Wire, ACH, Custody, and ICL data traffic, as well any future growth in this traffic (expected to be no more than 50% of current levels). The successful Respondent bank also must be able to provide similar secure connectivity to the State's Disaster Recovery data center to provide the State with an alternate data communications route in the event of an emergency.

The State intends to preserve the confidentiality of sensitive data and provide integrity controls to protect State assets. Therefore, to assure adequate confidentiality and protection, the State requires encryption processes equal to or greater than the Federal Reserve Bank's Level 1 Security Procedures in Appendix A of Operating Circular 4. The State prefers the use of AES encryption technology. Confidential data must be encrypted in transit and in flight in accordance with NIST publication 140-2.

In order to provide forward looking authentication for financial activity resulting from an interactive file transmission, the State requires that the successful Respondent bank's authentication system for interactive file transmission provide for dual factor authentication. Data must reside in the United States. Further, the Respondent bank's processing environment must be ISO 27000, SOC 2 Type 2 or FEDRAMP compliant. The Respondent bank must provide to the State proof of compliance on an annual basis. At the end of the contract term or as directed by the State, the Respondent bank will destroy confidential State data in accordance with NISP Special Publication 800-88. The Respondent bank will connect to the State's environment through a B2B VPN.

1.4. Scope of Service, Contract Period, & Required Terms and Conditions

The RFP Attachment 6.6., *Pro Forma* Contract details the State's requirements:

- Scope of Services and Deliverables (Section A);
- Contract Period (Section B);
- Payment Terms (Section C);
- Standard Terms and Conditions (Section D); and,
- Special Terms and Conditions (Section E).

The *pro forma* contract substantially represents the contract document that the successful Respondent must sign.

1.5. Nondiscrimination

No person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of a Contract pursuant to this RFP or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal, Tennessee state constitutional, or statutory law. The Contractor pursuant to this RFP shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

1.6. RFP Communications

1.6.1. The State has assigned the following RFP identification number that must be referenced in all communications regarding this RFP:

RFP # 30901-35618

1.6.2. Unauthorized contact about this RFP with employees or officials of the State of Tennessee except as detailed below may result in disqualification from consideration under this procurement process.

1.6.2.1. Prospective Respondents must direct communications concerning this RFP to the following person designated as the Solicitation Coordinator:

Mary Roberts-Krause
State of Tennessee, Treasury Department
13th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, TN 37243-0225
Telephone: 615-253-3855
E-mail address: Mary.Roberts-Krause@tn.gov

1.6.2.2. Notwithstanding the foregoing, Prospective Respondents may alternatively contact:

- a. staff of the Governor's Office of Diversity Business Enterprise for assistance available to minority-owned, woman-owned, Tennessee service-disabled veteran owned, and small businesses as well as general, public information relating to this RFP (visit <http://www.tn.gov/generalservices/article/godbe-general-contacts> for contact information); and
- b. the following individual designated by the State to coordinate compliance with the nondiscrimination requirements of the State of Tennessee, Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, and associated federal regulations:

Greg Cason
Director of Human Resources
State of Tennessee, Treasury Department
13th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, TN 37243
Telephone: 615-741-4915
E-mail address: Greg.Cason@tn.gov

- 1.6.3. Only the State's official, written responses and communications with Respondents are binding with regard to this RFP. Oral communications between a State official and one or more Respondents are unofficial and non-binding.
- 1.6.4. Potential Respondents must ensure that the State receives all written questions and comments, including questions and requests for clarification, no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events.
- 1.6.5. Respondents must assume the risk of the method of dispatching any communication or response to the State. The State assumes no responsibility for delays or delivery failures resulting from the Respondent's method of dispatch. Actual or digital "postmarking" of a communication or response to the State by a specified deadline is not a substitute for the State's actual receipt of a communication or response.
- 1.6.6. The State will convey all official responses and communications related to this RFP to the prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to RFP Section 1.10).
- 1.6.7. The State reserves the right to determine, at its sole discretion, the method of conveying official, written responses and communications related to this RFP. Such written communications may be transmitted by mail, hand-delivery, facsimile, electronic mail, Internet posting, or any other means deemed reasonable by the State. For internet posting, please refer to the following website: <http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities>.
- 1.6.8. The State reserves the right to determine, at its sole discretion, the appropriateness and adequacy of responses to written comments, questions, and requests related to this RFP. The State's official, written responses will constitute an amendment of this RFP.
- 1.6.9. Any data or factual information provided by the State (in this RFP, an RFP amendment or any other communication relating to this RFP) is for informational purposes only. The State will make reasonable efforts to ensure the accuracy of such data or information, however it is the Respondent's obligation to independently verify any data or information provided by the State. The State expressly disclaims the accuracy or adequacy of any information or data that it provides to prospective Respondents.

1.7. Assistance to Respondents With a Handicap or Disability

Prospective Respondents with a handicap or disability may receive accommodation relating to the communication of this RFP and participating in the RFP process. Prospective Respondents may contact the Solicitation Coordinator to request such reasonable accommodation no later than the Disability Accommodation Request Deadline detailed in the RFP Section 2, Schedule of Events.

1.8. Respondent Required Review & Waiver of Objections

- 1.8.1. Each prospective Respondent must carefully review this RFP, including but not limited to, attachments, the RFP Attachment 6.6., Pro Forma Contract, and any amendments, for questions, comments, defects, objections, or any other matter requiring clarification or correction (collectively called "questions and comments").
- 1.8.2. Any prospective Respondent having questions and comments concerning this RFP must provide them in writing to the State no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events.
- 1.8.3. Protests based on any objection to the RFP shall be considered waived and invalid if the objection has not been brought to the attention of the State, in writing, by the Written Questions & Comments Deadline

1.9. Pre-Response Teleconference

A Pre-response Teleconference will be held at the time and date detailed in the RFP Section 2, Schedule of Events. Pre-response Teleconference attendance is not mandatory.

To participate in the teleconference, contact the Solicitation Coordinator, Mary Roberts-Krause, at (615) 253-3855 or via e-mail at mary.roberts-krause@tn.gov for further instructions.

The purpose of the teleconference is to discuss the RFP scope of goods or services. The State will entertain questions, however prospective Respondents must understand that the State's oral response to any question at the Pre-response Teleconference shall be unofficial and non-binding. Prospective Respondents must submit all questions, comments, or other concerns regarding the RFP in writing prior to the Written Questions & Comments Deadline date detailed in the RFP Section 2, Schedule of Events. The State will send the official response to these questions and comments to prospective Respondents from whom the State has received a Notice of Intent to respond as indicated in RFP Section 1.10 and on the date detailed in the RFP Section 2, Schedule of Events.

1.10. Notice of Intent to Respond

Before the Notice of Intent to Respond Deadline detailed in the RFP Section 2, Schedule of Events, prospective Respondents should submit to the Solicitation Coordinator a Notice of Intent to Respond (in the form of a simple e-mail or other written communication). Such notice should include the following information:

- the business or individual's name (as appropriate)
- a contact person's name and title
- the contact person's mailing address, telephone number, facsimile number, and e-mail address

A Notice of Intent to Respond creates no obligation and is not a prerequisite for submitting a response, however, it is necessary to ensure receipt of any RFP amendments or other notices and communications relating to this RFP.

1.11. Response Deadline

A Respondent must ensure that the State receives a response no later than the response Deadline time and date detailed in the RFP Section 2, Schedule of Events. A response must respond, as required, to this RFP (including its attachments) as may be amended. The State will not accept late responses, and a Respondent's failure to submit a response before the deadline will result in disqualification of the response. It is the responsibility of the Respondent to ascertain any additional security requirements with respect to packaging and delivery to the State of Tennessee. Respondents should be mindful of any potential delays due to security screening procedures, weather, or other filing delays whether foreseeable or unforeseeable.

2. RFP SCHEDULE OF EVENTS

2.1. The following RFP Schedule of Events represents the State's best estimate for this RFP.

EVENT	TIME (central time zone)	DATE
RFP Issued		June 12, 2017
Disability Accommodation Request Deadline	2:00 p.m.	June 15, 2017
Pre-response Teleconference Conference	10:00 a.m.	June 16, 2017
Notice of Intent to Respond Deadline	2:00 p.m.	June 19, 2017
Written "Questions & Comments" Deadline	2:00 p.m.	June 22, 2017
State Response to Written "Questions & Comments"		June 28, 2017
Final Written "Questions & Comments" Deadline	2:00 p.m.	July 7, 2016
State Response to Final Written "Questions & Comments"		July 14, 2017
Response Deadline	2:00 p.m.	August 7, 2017
State Completion of Technical Response Evaluations		August 14, 2017
State Opening & Scoring of Cost Proposals		August 17, 2017
State Notice of Intent to Award Released <u>and</u> RFP Files Opened for Public Inspection		August 21, 2017
End of Open File Period		August 28, 2017
State sends contract to Contractor for signature		August 29, 2017
Contractor Signature Deadline	2:00 p.m.	August 31, 2017

The State reserves the right, at its sole discretion, to adjust the RFP Schedule of Events as it deems necessary. Any adjustment of the Schedule of Events shall constitute an RFP amendment, and the State will communicate such to prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to section 1.10).

3. RESPONSE REQUIREMENTS

3. Response Form

A response to this RFP must consist of two parts, a Technical Response and a Cost Proposal.

- 3.1.1. **Technical Response.** RFP Attachment 6.2., Technical Response & Evaluation Guide provides the specific requirements for submitting a response. This guide includes mandatory requirement items, general qualifications and experience items, and technical qualifications, experience, and approach items all of which must be addressed with a written response and, in some instances, additional documentation.

NOTICE: A technical response must not include any pricing or cost information. If any pricing or cost information amounts of any type (even pricing relating to other projects) is included in any part of the technical response, the state may deem the response to be non-responsive and reject it.

- 3.1.1.1. A Respondent must use the RFP Attachment 6.2., Technical Response & Evaluation Guide to organize, reference, and draft the Technical Response by duplicating the attachment, adding appropriate page numbers as required, and using the guide as a table of contents covering the Technical Response.
- 3.1.1.2. A response should be economically prepared, with emphasis on completeness and clarity. A response, as well as any reference material presented, must be written in English and must be written on standard 8 ½" x 11" pages (although oversized exhibits are permissible) and use a 12 point font for text. All response pages must be numbered.
- 3.1.1.3. All information and documentation included in a Technical Response should respond to or address a specific requirement detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide. All information must be incorporated into a response to a specific requirement and clearly referenced. Any information not meeting these criteria will be deemed extraneous and will not contribute to evaluations.
- 3.1.1.4. The State may determine a response to be non-responsive and reject it if:
- a. the Respondent fails to organize and properly reference the Technical Response as required by this RFP and the RFP Attachment 6.2., Technical Response & Evaluation Guide; or
 - b. the Technical Response document does not appropriately respond to, address, or meet all of the requirements and response items detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide.
- 3.1.2. **Cost Proposal.** A Cost Proposal must be recorded on an exact duplicate of the RFP Attachment 6.3., Cost Proposal & Scoring Guide.

NOTICE: If a Respondent fails to submit a cost proposal exactly as required, the State may deem the response to be non-responsive and reject it.

- 3.1.2.1. A Respondent must only record the proposed cost exactly as required by the RFP Attachment 6.3., Cost Proposal & Scoring Guide and must NOT record any other rates, amounts, or information.
- 3.1.2.2. The proposed cost shall incorporate ALL costs for services under the contract for the total contract period, including any renewals or extensions.
- 3.1.2.3. A Respondent must sign and date the Cost Proposal.
- 3.1.2.4. A Respondent must submit the Cost Proposal to the State in a sealed package separate from the Technical Response (as detailed in RFP Sections 3.2.3., *et seq.*).

3.2. Response Delivery

3.2.1. A Respondent must ensure that both the original Technical Response and Cost Proposal documents meet all form and content requirements, including all required signatures, as detailed within this RFP.

3.2.2. A Respondent must submit original Technical Response and Cost Proposal documents and copies as specified below.

3.2.2.1. One (1) original Technical Response paper document labeled:

“RFP # 30901-35618 TECHNICAL RESPONSE ORIGINAL”

and six (6) digital copies of the Technical Response each in the form of one (1) digital document in “PDF” format properly recorded on its own otherwise blank, standard CD-R recordable disc or USB flash drive labeled:

“RFP # 30901-35618 TECHNICAL RESPONSE COPY”

The digital copies should not include copies of sealed customer references, however any other discrepancy between the paper Technical Response document and any digital copies may result in the State rejecting the proposal as non-responsive.

3.2.2.2. One (1) original Cost Proposal paper document labeled:

“RFP # 30901-35618 COST PROPOSAL ORIGINAL”

and one (1) copy in the form of a digital document in PDF format properly recorded on separate, blank, standard CD-R recordable disc or USB flash drive labeled:

“RFP # 30901-35618 COST PROPOSAL COPY”

In the event of a discrepancy between the original Cost Proposal document and the digital copy, the original, signed document will take precedence.

3.2.3. A Respondent must separate, seal, package, and label the documents and copies for delivery as follows:

3.2.3.1. The Technical Response original document and digital copies must be placed in a sealed package that is clearly labeled:

“DO NOT OPEN... RFP # 30901-35618 TECHNICAL RESPONSE FROM [RESPONDENT LEGAL ENTITY NAME]”

3.2.3.2. The Cost Proposal original document and digital copy must be placed in a separate, sealed package that is clearly labeled:

“DO NOT OPEN... RFP # 30901-35618 COST PROPOSAL FROM [RESPONDENT LEGAL ENTITY NAME]”

3.2.3.3. The separately, sealed Technical Response and Cost Proposal components may be enclosed in a larger package for mailing or delivery, provided that the outermost package is clearly labeled:

“RFP # 30901-35618 SEALED TECHNICAL RESPONSE & SEALED COST PROPOSAL FROM [RESPONDENT LEGAL ENTITY NAME]”

3.2.4. A Respondent must ensure that the State receives a response no later than the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events at the following address:

Mary Roberts-Krause
RFP Coordinator
State of Tennessee, Treasury Department
13th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, TN 37243

3.3. Response & Respondent Prohibitions

- 3.3.1. A response must not include alternate contract terms and conditions. If a response contains such terms and conditions, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.
- 3.3.2. A response must not restrict the rights of the State or otherwise qualify either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal. If a response restricts the rights of the State or otherwise qualifies either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.
- 3.3.3. A response must not propose alternative goods or services (*i.e.*, offer services different from those requested and required by this RFP) unless expressly requested in this RFP. The State may consider a response of alternative goods or services to be non-responsive and reject it.
- 3.3.4. A Cost Proposal must be prepared and arrived at independently and must not involve any collusion between Respondents. The State will reject any Cost Proposal that involves collusion, consultation, communication, or agreement between Respondents. Regardless of the time of detection, the State will consider any such actions to be grounds for response rejection or contract termination.
- 3.3.5. A Respondent must not provide, for consideration in this RFP process or subsequent contract negotiations, any information that the Respondent knew or should have known was materially incorrect. If the State determines that a Respondent has provided such incorrect information, the State will deem the Response non-responsive and reject it.
- 3.3.6. A Respondent must not submit more than one Technical Response and one Cost Proposal in response to this RFP, except as expressly requested by the State in this RFP. If a Respondent submits more than one Technical Response or more than one Cost Proposal, the State will deem all of the responses non-responsive and reject them.
- 3.3.7. A Respondent must not submit a response as a prime contractor while also permitting one or more other Respondents to offer the Respondent as a subcontractor in their own responses. Such may result in the disqualification of all Respondents knowingly involved. This restriction does not, however, prohibit different Respondents from offering the same subcontractor as a part of their responses (provided that the subcontractor does not also submit a response as a prime contractor).
- 3.3.8. The State shall not consider a response from an individual who is, or within the past six (6) months has been, a State employee. For purposes of this RFP:
 - 3.3.8.1. An individual shall be deemed a State employee until such time as all compensation for salary, termination pay, and annual leave has been paid;
 - 3.3.8.2. A contract with or a response from a company, corporation, or any other contracting entity in which a controlling interest is held by any State employee shall be considered to be a contract with or proposal from the employee; and
 - 3.3.8.3. A contract with or a response from a company, corporation, or any other contracting entity that employs an individual who is, or within the past six (6) months has been, a State employee shall not be considered a contract with or a proposal from the employee and shall not constitute a prohibited conflict of interest.

3.4. **Response Errors & Revisions**

A Respondent is responsible for any and all response errors or omissions. A Respondent will not be allowed to alter or revise response documents after the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events unless such is formally requested, in writing, by the State.

3.5. **Response Withdrawal**

A Respondent may withdraw a submitted response at any time before the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events by submitting a written request signed by an authorized Respondent representative. After withdrawing a response, a Respondent may submit another response at any time before the Response Deadline. After the Response Deadline, a Respondent may only withdraw all or a portion of a response where the enforcement of the response would impose an unconscionable hardship on the Respondent.

3.6. **Additional Services**

If a response offers goods or services in addition to those required by and described in this RFP, the State, at its sole discretion, may add such services to the contract awarded as a result of this RFP. Notwithstanding the foregoing, a Respondent must not propose any additional cost amounts or rates for additional goods or services. Regardless of any additional services offered in a response, the Respondent's Cost Proposal must only record the proposed cost as required in this RFP and must not record any other rates, amounts, or information.

NOTICE: If a Respondent fails to submit a Cost Proposal exactly as required, the State may deem the response non-responsive and reject it.

3.7. **Response Preparation Costs**

The State will not pay any costs associated with the preparation, submittal, or presentation of any response.

4. GENERAL CONTRACTING INFORMATION & REQUIREMENTS

4.1. RFP Amendment

The State at its sole discretion may amend this RFP, in writing, at any time prior to contract award. However, prior to any such amendment, the State will consider whether it would negatively impact the ability of potential Respondents to meet the response deadline and revise the RFP Schedule of Events if deemed appropriate. If an RFP amendment is issued, the State will convey it to potential Respondents who submitted a Notice of Intent to Respond (refer to RFP Section 1.10). A response must address the final RFP (including its attachments) as amended.

4.2. RFP Cancellation

The State reserves the right, at its sole discretion, to cancel the RFP or to cancel and reissue this RFP in accordance with applicable laws and regulations.

4.3. State Right of Rejection

- 4.3.1. Subject to applicable laws and regulations, the State reserves the right to reject, at its sole discretion, any and all responses.
- 4.3.2. The State may deem as non-responsive and reject any response that does not comply with all terms, conditions, and performance requirements of this RFP. Notwithstanding the foregoing, the State reserves the right to waive, at its sole discretion, minor variances from full compliance with this RFP. If the State waives variances in a response, such waiver shall not modify the RFP requirements or excuse the Respondent from full compliance, and the State may hold any resulting Contractor to strict compliance with this RFP.

4.4. Assignment & Subcontracting

- 4.4.1. The Contractor may not subcontract, transfer, or assign any portion of the Contract awarded as a result of this RFP without prior approval of the State. The State reserves the right to refuse approval, at its sole discretion, of any subcontract, transfer, or assignment.
- 4.4.2. If a Respondent intends to use subcontractors, the response to this RFP must specifically identify the scope and portions of the work each subcontractor will perform (refer to RFP Attachment 6.2., Section B, General Qualifications & Experience Item B.14.).
- 4.4.3. Subcontractors identified within a response to this RFP will be deemed as approved by the State unless the State expressly disapproves one or more of the proposed subcontractors prior to signing the Contract.
- 4.4.4. After contract award, a Contractor may only substitute an approved subcontractor at the discretion of the State and with the State's prior, written approval.
- 4.4.5. Notwithstanding any State approval relating to subcontracts, the Respondent who is awarded a contract pursuant to this RFP will be the prime contractor and will be responsible for all work under the Contract.

4.5. Right to Refuse Personnel or Subcontractors

The State reserves the right to refuse, at its sole discretion and notwithstanding any prior approval, any personnel of the prime contractor or a subcontractor providing goods or services in the performance of a contract resulting from this RFP. The State will document in writing the reason(s) for any rejection of personnel.

4.6. Insurance

From time-to-time, the State may require the awarded Contractor to provide a Certificate of Insurance

issued by an insurance company licensed or authorized to provide insurance in the State of Tennessee. Each Certificate of Insurance shall indicate current insurance coverages meeting minimum requirements as may be specified by this RFP. A failure to provide a current, Certificate of Insurance will be considered a material breach and grounds for contract termination.

4.7. Professional Licensure and Department of Revenue Registration

- 4.7.1. All persons, agencies, firms, or other entities that provide legal or financial opinions, which a Respondent provides for consideration and evaluation by the State as a part of a response to this RFP, shall be properly licensed to render such opinions.
- 4.7.2. Before the Contract resulting from this RFP is signed, the apparent successful Respondent (and Respondent employees and subcontractors, as applicable) must hold all necessary or appropriate business or professional licenses to provide the goods or services as required by the contract. The State may require any Respondent to submit evidence of proper licensure.
- 4.7.3. Before the Contract resulting from this RFP is signed, the apparent successful Respondent must be registered with the Tennessee Department of Revenue for the collection of Tennessee sales and use tax. The State shall not award a contract unless the Respondent provides proof of such registration or provides documentation from the Department of Revenue that the Contractor is exempt from this registration requirement. The foregoing is a mandatory requirement of an award of a contract pursuant to this solicitation. For purposes of this registration requirement, the Department of Revenue may be contacted at: TN.Revenue@tn.gov.

4.8. Disclosure of Response Contents

- 4.8.1. All materials submitted to the State in response to this RFP shall become the property of the State of Tennessee. Selection or rejection of a response does not affect this right. By submitting a response, a Respondent acknowledges and accepts that the full response contents and associated documents will become open to public inspection in accordance with the laws of the State of Tennessee.
- 4.8.2. The State will hold all response information, including both technical and cost information, in confidence during the evaluation process. Notwithstanding the foregoing, a list of actual Respondents submitting timely responses may be available to the public, upon request, after technical responses are opened.
- 4.8.3. Upon completion of response evaluations, indicated by public release of a Notice of Intent to Award, the responses and associated materials will be open for review by the public in accordance with *Tennessee Code Annotated*, Section 10-7-504(a)(7).

4.9. Contract Approval and Contract Payments

- 4.9.1. After contract award, the Contractor who is awarded the contract must submit appropriate documentation with the Department of Finance and Administration, Division of Accounts.
- 4.9.2. This RFP and its contractor selection processes do not obligate the State and do not create rights, interests, or claims of entitlement in either the Respondent with the apparent best-evaluated response or any other Respondent. State obligations pursuant to a contract award shall commence only after the contract is signed by the State agency head and the Contractor and after the Contract is approved by all other state officials as required by applicable laws and regulations.
- 4.9.3. No payment will be obligated or made until the relevant Contract is approved as required by applicable statutes and rules of the State of Tennessee.
- 4.9.3.1. The State shall not be liable for payment of any type associated with the Contract resulting from this RFP (or any amendment thereof) or responsible for any goods delivered or services rendered by the Contractor, even goods delivered or services rendered in good faith and even if the Contractor is orally

directed to proceed with the delivery of goods or the rendering of services, if it occurs before the Contract start date or after the Contract end date.

4.9.3.2. All payments relating to this procurement will be made in accordance with the Payment Terms and Conditions of the Contract resulting from this RFP (refer to RFP Attachment 6.6., *Pro Forma Contract*, Section C).

4.9.3.3. If any provision of the Contract provides direct funding or reimbursement for the competitive purchase of goods or services as a component of contract performance or otherwise provides for the reimbursement of specified, actual costs, the State will employ all reasonable means and will require all such documentation that it deems necessary to ensure that such purchases were competitive and costs were reasonable, necessary, and actual. The Contractor shall provide reasonable assistance and access related to such review. Further, the State shall not remit, as funding or reimbursement pursuant to such provisions, any amounts that it determines do not represent reasonable, necessary, and actual costs.

4.10. **Contractor Performance**

The Contractor who is awarded a contract will be responsible for the delivery of all acceptable goods or the satisfactory completion of all services set out in this RFP (including attachments) as may be amended. All goods or services are subject to inspection and evaluation by the State. The State will employ all reasonable means to ensure that goods delivered or services rendered are in compliance with the Contract, and the Contractor must cooperate with such efforts.

4.11. **Contract Amendment**

After contract award, the State may request the Contractor to deliver additional goods or perform additional services within the general scope of the contract and this RFP, but beyond the specified scope of service, and for which the Contractor may be compensated. In such instances, the State will provide the Contractor a written description of the additional goods or services. The Contractor must respond to the State with a time schedule for delivering the additional goods or accomplishing the additional services based on the compensable units included in the Contractor's response to this RFP. If the State and the Contractor reach an agreement regarding the goods or services and associated compensation, such agreement must be effected by means of a contract amendment. Further, any such amendment requiring additional goods or services must be signed by both the State agency head and the Contractor and must be approved by other state officials as required by applicable statutes, rules, policies and procedures of the State of Tennessee. The Contractor must not provide additional goods or render additional services until the State has issued a written contract amendment with all required approvals.

4.12. **Severability**

If any provision of this RFP is declared by a court to be illegal or in conflict with any law, said decision will not affect the validity of the remaining RFP terms and provisions, and the rights and obligations of the State and Respondents will be construed and enforced as if the RFP did not contain the particular provision held to be invalid.

4.13. **Next Ranked Respondent**

The State reserves the right to initiate negotiations with the next ranked Respondent should the State cease doing business with any Respondent selected via this RFP process.

5. EVALUATION & CONTRACT AWARD

5.1. Evaluation Categories & Maximum Points

The State will consider qualifications, experience, technical approach, and cost in the evaluation of responses and award points in each of the categories detailed below (up to the maximum evaluation points indicated) to each response deemed by the State to be responsive.

EVALUATION CATEGORY	MAXIMUM POINTS POSSIBLE
General Qualifications & Experience (refer to RFP Attachment 6.2., Section B)	20
Technical Qualifications, Experience & Approach (refer to RFP Attachment 6.2., Section C)	40
Cost Proposal (refer to RFP Attachment 6.3.)	40

5.2. Evaluation Process

The evaluation process is designed to award the contract resulting from this RFP not necessarily to the Respondent offering the lowest cost, but rather to the Respondent deemed by the State to be responsive and responsible who offers the best combination of attributes based upon the evaluation criteria. ("Responsive Respondent" is defined as a Respondent that has submitted a response that conforms in all material respects to the RFP. "Responsible Respondent" is defined as a Respondent that has the capacity in all respects to perform fully the contract requirements, and the integrity and reliability which will assure good faith performance.)

5.2.1. **Technical Response Evaluation.** The Solicitation Coordinator and the Proposal Evaluation Team (consisting of three (3) or more State employees) will use the RFP Attachment 6.2., Technical Response & Evaluation Guide to manage the Technical Response Evaluation and maintain evaluation records.

5.2.1.1. The State reserves the right, at its sole discretion, to request Respondent clarification of a Technical Response or to conduct clarification discussions with any or all Respondents. Any such clarification or discussion will be limited to specific sections of the response identified by the State. The subject Respondent must put any resulting clarification in writing as may be required and in accordance with any deadline imposed by the State.

5.2.1.2. The Solicitation Coordinator will review each Technical Response to determine compliance with RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A— Mandatory Requirements. If the Solicitation Coordinator determines that a response failed to meet one or more of the mandatory requirements, the Proposal Evaluation Team will review the response and document the team's determination of whether:

- a. the response adequately meets RFP requirements for further evaluation;
- b. the State will request clarifications or corrections for consideration prior to further evaluation; or,
- c. the State will determine the response to be non-responsive to the RFP and reject it.

5.2.1.3. Proposal Evaluation Team members will independently evaluate each Technical Response (that is responsive to the RFP) against the evaluation criteria in this RFP, and will score each in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide.

- 5.2.1.4. For each response evaluated, the Solicitation Coordinator will calculate the average of the Proposal Evaluation Team member scores for RFP Attachment 6.2., Technical Response & Evaluation Guide, and record each average as the response score for the respective Technical Response section.
- 5.2.1.5. Before Cost Proposals are opened, the Proposal Evaluation Team will review the Technical Response Evaluation record and any other available information pertinent to whether or not each Respondent is responsive and responsible. If the Proposal Evaluation Team identifies any Respondent that does not to meet the responsive and responsible thresholds such that the team would not recommend the Respondent for Cost Proposal Evaluation and potential contract award, the team members will fully document the determination.
- 5.2.2. **Cost Proposal Evaluation.** The Solicitation Coordinator will open for evaluation the Cost Proposal of each Respondent deemed by the State to be responsive and responsible and calculate and record each Cost Proposal score in accordance with the RFP Attachment 6.3., Cost Proposal & Scoring Guide.
- 5.2.3. **Total Response Score.** The Solicitation Coordinator will calculate the sum of the Technical Response section scores and the Cost Proposal score and record the resulting number as the total score for the subject Response (refer to RFP Attachment 6.5., Score Summary Matrix).
- 5.3. **Contract Award Process**
- 5.3.1 The Solicitation Coordinator will submit the Proposal Evaluation Team determinations and scores to the head of the procuring agency for consideration along with any other relevant information that might be available and pertinent to contract award.
- 5.3.2. The procuring agency head will determine the apparent best-evaluated Response. To effect a contract award to a Respondent other than the one receiving the highest evaluation process score, the head of the procuring agency must provide written justification and obtain the written approval of the Chief Procurement Officer and the Comptroller of the Treasury.
- 5.3.3. The State will issue a Notice of Intent to Award identifying the apparent best-evaluated response and make the RFP files available for public inspection at the time and date specified in the RFP Section 2, Schedule of Events.
- NOTICE: The Notice of Intent to Award shall not create rights, interests, or claims of entitlement in either the apparent best-evaluated Respondent or any other Respondent.**
- 5.3.4. The Respondent identified as offering the apparent best-evaluated response must sign a contract drawn by the State pursuant to this RFP. The contract shall be substantially the same as the RFP Attachment 6.6., *Pro Forma* Contract. The Respondent must sign the contract by the Contractor Signature Deadline detailed in the RFP Section 2, Schedule of Events. If the Respondent fails to provide the signed contract by this deadline, the State may determine that the Respondent is non-responsive to this RFP and reject the response.
- 5.3.5. Notwithstanding the foregoing, the State may, at its sole discretion, entertain limited negotiation prior to contract signing and, as a result, revise the *pro forma* contract terms and conditions or performance requirements in the State's best interests, PROVIDED THAT such revision of terms and conditions or performance requirements shall NOT materially affect the basis of response evaluations or negatively impact the competitive nature of the RFP and contractor selection process.
- 5.3.6. If the State determines that a response is non-responsive and rejects it after opening Cost Proposals, the Solicitation Coordinator will re-calculate scores for each remaining responsive Cost Proposal to determine (or re-determine) the apparent best-evaluated response.

RFP # 30901-35618 STATEMENT OF CERTIFICATIONS AND ASSURANCES

The Respondent must sign and complete the Statement of Certifications and Assurances below as required, and it must be included in the Technical Response (as required by RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A, Item A.1.).

The Respondent does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:

1. The Respondent will comply with all of the provisions and requirements of the RFP.
2. The Respondent will provide all services as defined in the Scope of Services of the RFP Attachment 6.6., *Pro Forma* Contract for the total contract period.
3. The Respondent, except as otherwise provided in this RFP, accepts and agrees to all terms and conditions set out in the RFP Attachment 6.6., *Pro Forma* Contract.
4. The Respondent acknowledges and agrees that a contract resulting from the RFP shall incorporate, by reference, all proposal responses as a part of the contract.
5. The Respondent will comply with:
 - (a) the laws of the State of Tennessee;
 - (b) Title VI of the federal Civil Rights Act of 1964;
 - (c) Title IX of the federal Education Amendments Act of 1972;
 - (d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
 - (e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
6. To the knowledge of the undersigned, the information detailed within the response submitted to this RFP is accurate.
7. The response submitted to this RFP was independently prepared, without collusion, under penalty of perjury.
8. No amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Respondent in connection with this RFP or any resulting contract.
9. Both the Technical Response and the Cost Proposal submitted in response to this RFP shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract pursuant to the RFP.
10. The Respondent affirms the following statement, as required by the Iran Divestment Act Tenn. Code Ann. § 12-12-111: "By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder is not on the list created pursuant to §12-12-106." For reference purposes, the list is currently available online at: <http://www.tn.gov/generalservices/article/Public-Information-library>.

By signing this Statement of Certifications and Assurances, below, the signatory also certifies legal authority to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If the signatory is not the Respondent (if an individual) or the Respondent's company *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to bind the Respondent.

DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO BIND THE RESPONDENT

SIGNATURE:

PRINTED NAME & TITLE:

DATE:

**RESPONDENT LEGAL ENTITY
NAME:**

RESPONDENT FEDERAL EMPLOYER IDENTIFICATION NUMBER (or
SSN):

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION A: MANDATORY REQUIREMENTS. The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

The Solicitation Coordinator will review the response to determine if the Mandatory Requirement Items are addressed as required and mark each with pass or fail. For each item that is not addressed as required, the Proposal Evaluation Team must review the response and attach a written determination. In addition to the Mandatory Requirement Items, the Solicitation Coordinator will review each response for compliance with all RFP requirements.

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		The Response must be delivered to the State no later than the Response Deadline specified in the RFP Section 2, Schedule of Events.	
		The Technical Response and the Cost Proposal documentation must be packaged separately as required (refer to RFP Section 3.2., <i>et. seq.</i>).	
		The Technical Response must NOT contain cost or pricing information of any type.	
		The Technical Response must NOT contain any restrictions of the rights of the State or other qualification of the response.	
		A Respondent must NOT submit alternate responses (refer to RFP Section 3.3.).	
		A Respondent must NOT submit multiple responses in different forms (as a prime and a sub-contractor) (refer to RFP Section 3.3.).	
	A.1.	Provide the Statement of Certifications and Assurances (RFP Attachment 6.1.) completed and signed by an individual empowered to bind the Respondent to the provisions of this RFP and any resulting contract. The document must be signed without exception or qualification.	
	A.2.	Provide a statement, based upon reasonable inquiry, of whether the Respondent or any individual who shall cause to deliver goods or perform services under the contract has a possible conflict of interest (<i>e.g.</i> , employment by the State of Tennessee) and, if so, the nature of that conflict. NOTE: Any questions of conflict of interest shall be solely within the discretion of the State, and the State reserves the right to cancel any award.	
	A.3.	Provide two current positive credit references from vendors with which the Respondent has done business written in the form of standard business letters, signed, and dated within the past three (3) months.	
	A.4.	Provide an official document or letter from an accredited credit bureau, verified and dated within the last three (3) months and indicating a satisfactory credit rating for the Respondent (NOTE: A credit bureau report number without the full report is insufficient and will <u>not</u> be considered responsive.)	

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
	A.5.	Provide a written statement confirming that the Respondent is currently designated as a state depository institution pursuant to Tennessee Code Annotated, Section 9-4-107, and that if awarded a contract pursuant to this RFP, the Respondent will maintain this designation for the duration of the contract.	
	A.6.	Provide a written statement confirming that the Respondent is a member of the Tennessee State Collateral Pool and, if selected as the Contractor pursuant to this RFP, the Respondent will 1) remain an active member of the Tennessee Collateral Pool for the duration of the contract, and 2) collateralize all public funds in accordance with Tennessee Code Annotated, Title 9, Chapter 4, Part 5.	
	A.7.	Provide a written statement confirming that the Respondent is an on-line member of the Federal Reserve Bank's Fedwire System, with Fedwire transfer transaction volumes exceeding five thousand (5,000) incoming Fedwire funds transfers per month and five thousand (5,000) outgoing Fedwire funds transfers per month.	
	A.8.	Provide a written statement confirming that if selected as the contractor pursuant to this RFP, the Respondent 1) will serve as Correspondent for the State as Respondent, for the purpose of allowing the Federal Reserve Bank (FRB) to charge the Respondent's FRB account to settle the State's warrant/check cash letters and related adjustment entries, as well as the State's FRB payor bank service charges, for pass-through to the State, and 2) agrees to execute the FRB's Appendix 5 to Operating Circular 1 as it relates to this relationship.	
	A.9.	Provide a written statement confirming that the Respondent is a member of the National Automated Clearing House Association (NACHA) and is an Originating Depository Financial Institution (ODFI) with ACH transaction volumes exceeding one million (1,000,000) origination entries per month, and is a Receiving Depository Financial Institution (RDFI) with ACH transaction volumes exceeding one million (1,000,000) receipts entries per month.	
	A.10.	Provide a written statement that the Respondent agrees to register the State's designated ACH routing number under its financial institution with the Routing Number Administrative Board for the duration of the contract and the Respondent agrees to the transfer of the ACH Routing Number to the State's successor ACH bank at the conclusion of the contract.	
	A.11.	Provide a written statement confirming that the Respondent 1) will establish and maintain separate custody accounts for each of the portfolios as described in RFP Section 1.3.4, to contain exclusively the State's investments in commercial paper, book entry United States Government agencies' securities, repurchase agreements, banker's acceptances, securities transferred through the Depository Trust Company, and any certificates, receipts, warrants or other instruments representing rights or interests of the State, and 2) will provide "contractual" settlement of securities, or immediate funds availability to the State each morning for its maturing securities, subject to the State making the bank whole by the following business day in the event the bank is not paid for a maturing security by the issuer.	
	A.12.	Provide a written statement confirming that the Respondent 1) has capabilities, experience, technical infrastructure and banking partnerships in	

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		place to support the receipt and forward collection processing, of check image cash letter (ICL) deposit items transmitted by the State to the Respondent on files created by the State's in-house check image capture application (external to a Respondent's on-line deposit capture application), meeting current industry standards for Check 21 quality and format, as adopted by the American National Standards Institute (ANSI) and Accredited Standards Committee (ASC), 2) can meet the State's minimum requirements as described in RFP Attachment 6.6 <i>Pro Forma</i> Contract Scope of Services Section A.8.d for file and item reject notifications, returns and adjustments relating to the ICL deposit process, and 3) will accept the State's current ICL file formats for processing as detailed in RFP Attachment 6.15.	
	A.13.	Provide a written statement confirming that, if selected as the Contractor pursuant to this RFP, the Respondent will provide the investment vehicles meeting the minimum requirements in RFP Attachment 6.6 <i>Pro Forma</i> Contract, Sections A.10 and A.12.	
	A.14.	Provide a written statement confirming that the Respondent can meet the minimum requirements for the communication link and data security as described in RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.13.	
	A.15.	Provide a written statement confirming that the Respondent will participate with the State in the State's yearly disaster recovery testing as provided in RFP Attachment 6.6, <i>Pro Forma</i> Contract, Section A.14.	
	A.16.	Provide a written statement confirming that the Respondent will 1) electronically file its quarterly Consolidated Report of Condition and Income "Call Report" with the State Treasurer at the same time it is filed with the Federal Deposit Insurance Corporation (FDIC) or the Office of Thrift Supervision (OTS), whichever is applicable, and 2) electronically file any amendment to the Call Reports with the State Treasurer on the same day the amendment is filed with the FDIC or OTS per RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.16.	
	A.17	Provide a written statement that the Respondent will provide a monitoring service that will reject any individual Checks, Warrants or ACH negotiable items from settling in the settlement account at the bank.	
State Use – Solicitation Coordinator Signature, Printed Name & Date:			

RFP ATTACHMENT 6.2. — SECTION B

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION B: GENERAL QUALIFICATIONS & EXPERIENCE. The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below. Proposal Evaluation Team members will independently evaluate and assign one score for all responses to Section B— General Qualifications & Experience Items.

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
	B.1.	Detail the name, e-mail address, mailing address, telephone number, and fax number of the person the State should contact regarding the response.
	B.2.	Describe the Respondent's form of business (<i>i.e.</i> , individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and business location (physical location or domicile).
	B.3.	Detail the number of years the Respondent has been in business.
	B.4.	Briefly describe how long the Respondent has been providing the goods or services required by this RFP.
	B.5.	Describe the Respondent's number of employees, client base, and location of offices.
	B.6.	Provide a statement of whether there have been any mergers, acquisitions, or change of control of the Respondent within the last ten (10) years. If so, include an explanation providing relevant details.
	B.7.	Provide a statement of whether the Respondent or, to the Respondent's knowledge, any of the Respondent's employees, agents, independent contractors, or subcontractors, involved in the delivery of goods or performance of services on a contract pursuant to this RFP, have been convicted of, pled guilty to, or pled <i>nolo contendere</i> to any felony. If so, include an explanation providing relevant details.
	B.8.	Provide a statement of whether, in the last ten (10) years, the Respondent has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, include an explanation providing relevant details.
	B.9.	<p>Provide a statement of whether there is any material, pending litigation against the Respondent that the Respondent should reasonably believe could adversely affect its ability to meet contract requirements pursuant to this RFP or is likely to have a material adverse effect on the Respondent's financial condition. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it would impair the Respondent's performance in a contract pursuant to this RFP.</p> <p>NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.</p>
	B.10.	<p>Provide a statement of whether there are any pending or in progress Securities Exchange Commission investigations involving the Respondent. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it will impair the Respondent's performance in a contract pursuant to this RFP.</p> <p>NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.</p>
	B.11.	Provide a brief, descriptive statement detailing evidence of the Respondent's ability to deliver the goods or services sought under this RFP (<i>e.g.</i> , prior experience, training, certifications, resources, program and quality management systems, <i>etc.</i>).
	B.12.	Provide a narrative description of the proposed project team, its members, and organizational structure along with an organizational chart identifying the key people who will be assigned to deliver the goods or services required by this RFP.

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
	B.13.	Provide a personnel roster listing the names of key people who the Respondent will assign to meet the Respondent's requirements under this RFP along with the estimated number of hours that each individual will devote to that performance. Follow the personnel roster with a resume for each of the people listed. The resumes must detail the individual's title, education, current position with the Respondent, and employment history.
	B.14.	Provide a statement of whether the Respondent intends to use subcontractors to meet the Respondent's requirements of any contract awarded pursuant to this RFP, and if so, detail: (a) the names of the subcontractors along with the contact person, mailing address, telephone number, and e-mail address for each; (b) a description of the scope and portions of the goods each subcontractor involved in the delivery of goods or performance of the services each subcontractor will perform; <u>and</u> (c) a statement specifying that each proposed subcontractor has expressly assented to being proposed as a subcontractor in the Respondent's response to this RFP.
	B.15.	Provide documentation of the Respondent's commitment to diversity as represented by the following: (a) <u>Business Strategy</u> . Provide a description of the Respondent's existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, Tennessee service-disabled veterans, and small business enterprises. Please also include a list of the Respondent's certifications as a diversity business, if applicable. (b) <u>Business Relationships</u> . Provide a listing of the Respondent's current contracts with business enterprises owned by minorities, women, Tennessee service-disabled veterans and small business enterprises. Please include the following information: (i) contract description; (ii) contractor name and ownership characteristics (<i>i.e.</i> , ethnicity, gender, Tennessee service-disabled); (iii) contractor contact name and telephone number. (c) <u>Estimated Participation</u> . Provide an estimated level of participation by business enterprises owned by minorities, women, Tennessee service-disabled veterans, and small business enterprises if a contract is awarded to the Respondent pursuant to this RFP. Please include the following information: (i) a percentage (%) indicating the participation estimate. (Express the estimated participation number as a percentage of the total estimated contract value that will be dedicated to business with subcontractors and supply contractors having such ownership characteristics only and DO NOT INCLUDE DOLLAR AMOUNTS); (ii) anticipated goods or services contract descriptions; (iii) names and ownership characteristics (<i>i.e.</i> , ethnicity, gender, Tennessee service-disabled veterans) of anticipated subcontractors and supply contractors. NOTE: In order to claim status as a Diversity Business Enterprise under this contract, businesses must be certified by the Governor's Office of Diversity Business Enterprise (Go-DBE). Please visit the Go-DBE website at https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&XID=9810 for more information. (d) <u>Workforce</u> . Provide the percentage of the Respondent's total current employees by ethnicity and gender. NOTE: Respondents that demonstrate a commitment to diversity will advance State efforts to expand opportunity to do business with the State as contractors and subcontractors. Response evaluations will recognize the positive qualifications and experience of a Respondent that does business with enterprises owned by minorities, women, Tennessee

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		service-disabled veterans and small business enterprises and who offer a diverse workforce.
	B.16.	<p>Provide a statement of whether or not the Respondent has any current contracts with the State of Tennessee or has completed any contracts with the State of Tennessee within the previous five (5) year period. If so, provide the following information for all of the current and completed contracts:</p> <ul style="list-style-type: none"> (a) the name, title, telephone number and e-mail address of the State contact knowledgeable about the contract; (b) the procuring State agency name; (c) a brief description of the contract's scope of services; (d) the contract period; and (e) the contract number. <p>NOTES:</p> <ul style="list-style-type: none"> ▪ Current or prior contracts with the State are <u>not</u> a prerequisite and are <u>not</u> required for the maximum evaluation score, and the existence of such contracts with the State will <u>not</u> automatically result in the addition or deduction of evaluation points. ▪ Each evaluator will generally consider the results of inquiries by the State regarding all contracts noted.
	B.17.	<p>Provide customer references from individuals who are <u>not</u> current or former State employees for projects similar to the goods or services sought under this RFP and which represent:</p> <ul style="list-style-type: none"> ▪ two (2) accounts Respondent currently services that are similar in size to the State; <u>and</u> ▪ three (3) completed projects. <p>References from at least three (3) different individuals are required to satisfy the requirements above, e.g., an individual may provide a reference about a completed project and another reference about a currently serviced account. The standard reference questionnaire, which <u>must</u> be used and completed, is provided at RFP Attachment 6.4. References that are not completed as required may be deemed non-responsive and may not be considered.</p> <p>The Respondent will be <u>solely</u> responsible for obtaining fully completed reference questionnaires and including them in the sealed Technical Response. In order to obtain and submit the completed reference questionnaires follow the process below.</p> <ul style="list-style-type: none"> (a) Add the Respondent's name to the standard reference questionnaire at RFP Attachment 6.4. and make a copy for each reference. (b) Send a reference questionnaire and new, standard #10 envelope to each reference. (c) Instruct the reference to: <ul style="list-style-type: none"> (i) complete the reference questionnaire; (ii) sign and date the completed reference questionnaire; (iii) seal the completed, signed, and dated reference questionnaire within the envelope provided; (iv) sign his or her name in ink across the sealed portion of the envelope; and (v) return the sealed envelope directly to the Respondent (the Respondent may wish to give each reference a deadline, such that the Respondent will be able to collect all required references in time to include them within the sealed Technical Response). (d) <u>Do NOT open the sealed references upon receipt.</u> (e) Enclose all <u>sealed</u> reference envelopes within a larger, labeled envelope for inclusion in the Technical Response as required. <p>NOTES:</p> <ul style="list-style-type: none"> ▪ The State will not accept late references or references submitted by any means other than that which is described above, and each reference questionnaire submitted must be completed as required. ▪ The State will not review more than the number of required references indicated above. ▪ While the State will base its reference check on the contents of the sealed reference envelopes

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<p>included in the Technical Response package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires, and may consider clarification responses in the evaluation of references.</p> <ul style="list-style-type: none"> ▪ The State is under <u>no</u> obligation to clarify any reference information.
	B.18.	<p>Provide a statement and any relevant details addressing whether the Respondent is any of the following:</p> <ul style="list-style-type: none"> (a) is presently debarred, suspended, proposed for debarment, or voluntarily excluded from covered transactions by any federal or state department or agency; (b) has within the past three (3) years, been convicted of, or had a civil judgment rendered against the contracting party from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; (c) is presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed above; and <p>has within a three (3) year period preceding the contract had one or more public transactions (federal, state, or local) terminated for cause or default.</p>
SCORE (for <u>all</u> Section B—Qualifications & Experience Items above): <i>(maximum possible score = 20)</i>		
<i>State Use – Evaluator Identification:</i>		

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION C: TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH. The Respondent must address all items (below) and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the response to each item. Each evaluator will use the following whole number, raw point scale for scoring each item:

0 = little value

1 = poor

2 = fair

3 = satisfactory

4 = good

5 = excellent

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's Raw Weighted Score for purposes of calculating the section score as indicated.

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
	C.1.	Provide an Executive Summary in sufficient detail to illustrate the Respondent's general understanding of the State's service requirements outlined in RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A Scope of Services, as supplemented by the additional background information provided in RFP Section 1.2 & 1.3, and of the project requirements and schedule necessary for implementation of the requested services.		16	
	C.2.	Provide separate narratives for each of the items in this Section C.2., that illustrate how the Respondent will complete the requirements and services outlined in RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A Scope of Service, as supplemented by the additional background information provided in RFP Section 1.2 & 1.3. Each narrative should address all of the services requested within each item, and should explain in detail how the Respondent will accomplish required objectives, and meet the State's project schedule. The information requested below, under each of these items, should be considered the minimum information required in responding to the item.	N/A	N/A	N/A
	C.2.1.	RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.2. <u>Operating Procedures</u> Describe the Respondent's approach to assisting the State in developing and maintaining operating procedures relative to the services requested in this RFP.		16	
	C.2.2.	RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.4. <u>Account Level Services</u> 1) Describe the proposed on-line banking system, including features and functionality, security, approach to administration of user access, reporting, etc. Indicate if the maintenance of user account access is performed by the State or by the Respondent. 2) Describe the content, timing, frequency and delivery mechanism of current day & monthly reports or		26	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		statements, (including BAI2 files) of activity to the State. Activity must be available to the State prior to 8:00 a.m. for download. 3) Describe what fraud controls the Respondent will provide to the State to protect from fraudulent checks, ACH debits, or any other unauthorized activity from the State's accounts.			
	C.2.3.	RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.5. <u>Wire Transfer Services.</u> The State will electronically transmit wire request batches throughout the day. The vendor will be required to send confirmations back to the State of any wires received and any completed wire transactions. 1) Describe the proposed business processes for domestic and international wire transfers (both incoming wires received and outgoing wires requested). 2) Specify the time periods available during the day for the State to transmit domestic and international wire requests and to receive incoming wires and outgoing wire transfer confirmations (for same-day settlement). 3) Describe any software required by the State in order for the Respondent to perform the wire transfer services specified in Section A.5 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6). 4) Provide a statement as to whether the State's current wire transfer file formats presented in RFP Attachment 6.14 are acceptable. If unacceptable, describe the required data elements and file/data formats needed on wire request files. 5) Describe the security and internal controls over the wire transfer processes. 6) Explain the elapsed time between requesting wires and receiving confirmations on the executed outgoing wire transfers keeping in mind the transaction timing requirements detailed in Section A.5.b of the <i>Pro Forma</i> Contract (RFP Attachment 6.6). 7) Describe the file communication process, format and timing for providing data files of incoming wire receipts.		33	
	C.2.4.	RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.6. <u>Automated Clearing House (ACH) Services.</u> 1) Describe the proposed file processing of the State's ACH origination and origination Returns.		33	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<p>2) Describe the Respondent's ability to process the State's ACH receipts and to fulfill its role as the State's ACH RDFI utilizing the State's specific RTN and the State's preassigned ACH account numbers.</p> <p>3) Provide a statement of whether the State's current ACH origination and receipts daily processing timeframes described in Section 1.3.1. of this RFP are acceptable to the Respondent. If they are unacceptable, explain why and provide the alternative timeframes the Respondent proposes, including the latest time available during the day for the State to transmit ACH origination files for next day settlement.</p> <p>4) Describe the current day report or statement of ACH activity recorded to the Settlement Account and the timing of when it will be accessible by the State keeping in mind the timing requirements detailed in Section A.6.c of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).</p> <p>5) Describe the Respondent's approach for providing the ACH Composite Receiver File (CRF) to the State.</p> <p>6) Describe the business process, required time-frames, and the timing of settlement associated with the State's requests made to the Respondent for origination reversals and deletions, returns of receipts and dishonored returns.</p> <p>7) Describe the Respondent's approach to processing Same Day settlement items for (a) ACH originations and (b) ACH receipts.</p> <p>8) If the State elects to have the winning Respondent process international ACH originations on behalf of the State, describe any additional steps that would be necessary to process those originations.</p>			
	C.2.5.	<p><u>Specific State Agencies' ACH Receipts</u> The State has over 250 specific ACH accounts that the State intends to continue to use to account for the various ACH source of funds.</p> <p>1) Describe the process for reporting of ACH receipts and returns to the State for the various State agencies that receive ACH receipts.</p> <p>2) Describe the security of the Respondent's system and how the specific State agencies would be able to access only the accounts that they have authorization to access.</p>		33	
	C.2.6.	<p>RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.6.h. <u>ACH Expanded Services</u> Regarding the State's request to provide additional services for ACH originations including collecting and</p>		33	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<p>processing separate files and reporting to the various originating agencies that generate the files, please address the following:</p> <ol style="list-style-type: none"> 1) Describe the Respondent's process for receiving and processing multiple ACH origination files from various agencies. 2) Describe the Respondent's process for handling ACH exceptions including: <ol style="list-style-type: none"> (a) Reversal Requests (b) Return of Receipt (c) Trace Requests 			
	C.2.7.	<p>RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.7. <u>Settlement of State Checks and Warrants, In-clearing Items and Related FRB Service Fees</u></p> <p>Describe the timing and method of communicating the Respondent's daily FRB Correspondent activity to the State, and posting the activity to the State's Settlement Account.</p>		16	
	C.2.8	<p>RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.7.b. <u>Expanded Warrant and Check Processing Services</u></p> <p>Regarding the State's request to maintain a positive pay system to account for checks or warrants issued by the State, please address the following:</p> <ol style="list-style-type: none"> 1) Describe the Respondent's process and system for maintaining a Positive Pay database on the Respondent's computer system. 2) Describe your process for accepting input files (check issues, cancelations, etc.) from the various State agencies that create checks or warrants. 3) What reporting would be available on a daily basis on the activity on check issues? 4) Describe the process for voiding a single issue manually, as well as, voiding a multitude of issues systemically. 5) Please describe how your positive pay system would be able to accommodate any State specific business rules. 6) The State needs to provide customized output files to its individual accounts, daily, monthly, quarterly and yearly. Please describe the Respondent's process to accommodating these specialized output requests. 7) Describe the process for handling testing of issue/cancel files including testing timelines. 		50	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
	C.2.9.	<p>RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.8. <u>Image Cash Letter (ICL) Check Deposit Services</u></p> <ol style="list-style-type: none"> Describe the Respondent's business processes for accommodating the State's ICL deposits, file and item reject notifications, ICL deposit item charge-backs (returns) and supplying an electronic "Return Image Cash Letter". Describe the volume limits on the number of check items per ICL file. State the latest time that ICL cash letter deposits may be provided to the Respondent for same day ledger credit (credit will appear on the following day's bank statement for the previous day). Provide a list of the ineligible check types for Image Cash Letter processing. 		33	
	C.2.10.	<p>RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.9. <u>Custodial Services</u></p> <ol style="list-style-type: none"> What are the options for communicating trades to the bank? Describe any electronic interfaces that would be available and would the bank be able to provide assistance in creating the interface. Describe and provide samples of the proposed monthly activity and holdings reports to be provided to the State. 		33	
	C.2.11.	<p>RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.10. <u>Special Investment Vehicle</u></p> <p>Describe the Respondent's approach to providing the investment vehicle described in Section A.10 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6), as further described in RFP Section 1.3.4.5.1. The Respondent shall propose the specific earnings rate to be paid to the State as part of the separately prepared RFP Attachment 6.3 <i>Cost Proposal and Scoring Guide</i>. DO NOT QUOTE THE SPECIFIC RATE IN THIS TECHNICAL PROPOSAL.</p>		16	
	C.2.12.	<p>RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.11. <u>Maintenance of Settlement and Deposit Account Balance</u></p> <p>The net debit intraday cap for the combined Settlement Account and, if applicable the Deposit Account, cannot be lower than \$100 million. Specify whether the Respondent will offer a higher cap and if so, the amount.</p>		16	
	C.2.13.	<p>RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.12. <u>Bank Deposit Investment Option for State's 529 Savings Plans</u></p>		16	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		Describe the Respondent's approach to providing the investment vehicles described in Section A.12 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6), as further described in RFP Section 1.3.4.5.2. The Respondent shall propose the specific earnings rate to be paid under those investment vehicles as part of the separately prepared RFP Attachment 6.3 <i>Cost Proposal and Scoring Guide</i> . DO NOT QUOTE THE SPECIFIC RATE IN THIS TECHNICAL PROPOSAL.			
	C.2.14.	RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.13. <u>Communications Link and Data Security</u> Provide a detailed description of the Respondent's approach to the communications link for Wires, ACH, Custody and ICL services, as further described in RFP Section 1.3.7.		23	
	C.2.15.	RFP Attachment 6.6 <i>Pro Forma</i> Contract, Sections A.5.e, A.6.h, A.7.d, A.8.g and A.9.m <u>Security and Recovery</u> for Wires, ACH, ICL, Checks and Warrants, and Custody, and Section A.14. <u>Business Continuity and Disaster Recovery Plan</u> Provide a comprehensive discussion of the Respondent's approach for meeting the requirements of the Sections referenced above.		23	
	C.2.16.	RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.16. <u>Financial Condition Reporting</u> Provide the file format and layout the Respondent will use in filing the Call Report and any amendments with the State Treasurer's Office.		7	
	C.2.17.	RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.9.n. <u>Investment Trade Compliance</u> 1) Does the Respondent have an investment trade compliance monitoring system? Describe the options for different compliance monitoring services currently being provided to clients. 2) Describe the audit trail for the compliance monitoring system for both changes to the compliance rule matrix, as well as the breaches of the compliance rules. 3) Provide an example of a compliance report that could be provided. 4) What type of information is available in your compliance reports and how timely is the information that is used to prepare this information?		7	
	C.2.18	RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.18. <u>Gold and Other Precious Metal Storage</u>		7	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		Describe the options available for precious metals storage should the State need the services.			
	C.2.19	RFP Attachment 6.6 <i>Pro Forma</i> Contract, Section A.19. <u>Check Cashing/Dispensing and Automated Teller Machine</u> Describe the options available to meet the State's requirement for check cashing/dispensing and automated teller machine services as described in Section A.19 of RFP Attachment 6.6 <i>Pro Forma</i> Contract.		14	
	C.2.20	Provide a narrative that illustrates how the Respondent will manage the project, ensure the implementation, conversion, operational readiness, completion of the scope of services, and accomplish required objectives by testing and verification for each service category and electronic communications prior to a production state where the State has final approval, within the State's project schedule, assuming: (i) a conversion process of the State's current services commencing on the Effective Date of the contract as defined in Section B of the <i>Pro Forma</i> Contract (RFP Attachment 6.6), (ii) the services being transitioned to the successful Respondent 60 days after the effective date of the contract, or at a later date at the sole discretion of the State, unless otherwise indicated in the RFP or <i>Pro Forma</i> Contract, and (iii) the expanded services effective by the beginning dates indicated in the RFP or <i>Pro Forma</i> Contract. Include estimated time-frames for implementing each service category.		16	
	C.2.21	In the event of a processing outage on the Respondent's part: 1) What is the Respondent's Recovery Time Objective (RTO)? Recovery point objective (RPO)? 2) What is the Respondent's preferred communications plan? What is the Respondent's preferred communications frequency? 3) Will the Respondent provide a tiered support structure granting higher priorities to customers in higher tiers? What are those tiers and what differentiates them? 4) What is the Respondent's file transmission technology / mechanism of choice? What is the Respondent's file format of choice?		33	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
<i>The Solicitation Coordinator will use this sum and the formula below to calculate the section score. All calculations will use and result in numbers rounded to two (2) places to the right of the decimal point.</i>					
<div style="display: flex; justify-content: space-between;"> <div> Total Raw Weighted Score <hr/> 2500 <i>(i.e., 5 x the sum of item weights above)</i> </div> <div> x 40 <i>(maximum possible score)</i> </div> <div> = SCORE: </div> </div>					
<i>State Use – Evaluator Identification:</i>					
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>					

COST PROPOSAL & SCORING GUIDE
NOTICE: THIS COST PROPOSAL MUST BE COMPLETED EXACTLY AS REQUIRED

COST PROPOSAL SCHEDULE— The Cost Proposal, detailed below, shall indicate the proposed price for providing goods or services as defined in the Scope of Services of the RFP Attachment 6.6., *Pro Forma* Contract, for the entire contract period. The Cost Proposal shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract resulting from this RFP. All monetary amounts shall be in U.S. currency. Proposed prices shall not be limited with respect to the number of places to the right of the decimal point.

Proposed percentage rate fees in Items 5, 7 and 8 below shall be interpreted as if preceding a percentage sign (%); for example, .05 percent would be proposed as .05 percent, NOT .0005. One basis point (bp) would be proposed as .01.

NOTICE: The Evaluation Factor associated with each compensable unit is for evaluation purposes only. The evaluation factors do NOT and should NOT be construed as any type of volume guarantee or minimum purchase quantity. The evaluation factors shall NOT create rights, interests, or claims of entitlement in the Respondent.

Notwithstanding the cost items herein, pursuant to the second paragraph of the *Pro Forma* Contract, Section C.1. (refer to RFP Attachment 6.6.), “The State is under no obligation to request any goods or services from the Contractor in any specific dollar amounts or to request any goods or services at all from the Contractor during any period of this Contract.”

This Cost Proposal must be signed, in the space below, by an individual empowered to bind the Respondent to the provisions of this RFP and any contract awarded pursuant to this RFP. If the individual signing this Cost Proposal is not the *President* or *Chief Executive Officer*, the Respondent must attach evidence to the Cost Proposal showing the individual’s authority to legally bind the Respondent.

RESPONDENT SIGNATURE:								
PRINTED NAME & TITLE:								
DATE:								
RESPONDENT LEGAL ENTITY NAME:								
	Proposed Cost					State Use ONLY		
	September 15, 2017 – September 14, 2018	September 15, 2018 – September 14, 2019	September 15, 2019 – September 14, 2020	September 15, 2020 – September 14, 2021	September 15, 2021 – September 14, 2022	Sum	Evaluation Factor	Evaluation Cost (sum x factor)
1. Account Services (per RFP Attachment 6.6, Pro Forma Contract, Sections A.4, A.8.b, and A.10.a)								
(i) Monthly Account Maintenance	\$ / PER MONTH	\$ / PER MONTH	\$ / PER MONTH	\$ / PER MONTH	\$ / PER MONTH		12	
2. Wire Transfer Services (per RFP Attachment 6.6., Pro Forma Contract, Section A.5)								
(i) Outgoing Domestic Wire	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		3,000	

	Proposed Cost					State Use ONLY		
	September 15, 2017 – September 14, 2018	September 15, 2018 – September 14, 2019	September 15, 2019 – September 14, 2020	September 15, 2020 – September 14, 2021	September 15, 2021 – September 14, 2022	Sum	Evaluation Factor	Evaluation Cost (sum x factor)
(ii) Incoming Domestic Wire	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		6,000	
(iii) Outgoing International Wire	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		50	
(iv) Incoming International Wire	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		5	
(v) Internal Bank Transfers	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		4000	
3. Automated Clearing House (ACH) Services (effective January 2, 2018 per RFP Attachment 6.6., <i>Pro Forma</i> Contract, Section A.6)								
(i) ACH Receipt Entries	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		2,700,000	
(ii) ACH Originations (excludes Same Day ACH originations)	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		12,000,000	
(iii) Notification of Change (NOC)/Returns	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		36,000	
(iv) Manual Receipt Returns	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		500	
(v) Origination Reversals	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		800	
(vi) Same Day Settlement for ACH Originations	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		100,000	
(vii) Expanded ACH Processing Services	\$ /FILE	\$ /FILE	\$ /FILE	\$ /FILE	\$ /FILE		10,000	
4. Image Cash Letter (ICL) Check Deposit Services (per RFP Attachment 6.6., <i>Pro Forma</i> Contract, Section A.8)								
(i) ICL Check Deposit (Includes Front & Back of Image)	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		4,000,000	
(ii) ICL Return Deposit Item on Daily Return Files	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH	\$ / EACH		10,000	

	Proposed Cost					State Use ONLY		
	September 15, 2017 – September 14, 2018	September 15, 2018 – September 14, 2019	September 15, 2019 – September 14, 2020	September 15, 2020 – September 14, 2021	September 15, 2021 – September 14, 2022	Sum	Evaluation Factor	Evaluation Cost (sum x factor)
5. Custody Services (per RFP Attachment 6.6., Pro Forma Contract, Section A.9)								
<p>(i) DTC Items</p> <p>Complete each cell with a proposed Percentage Amount [that will be multiplied by the average daily balance of DTC items held in custody during the month for which the compensation relates, divided by 360 days, multiplied by the actual number of days in the respective month]</p> <p>(NOTE: Proposed percentage rate fees shall be interpreted as if preceding a percentage sign (%); for example, .05 percent would be proposed as .05, NOT .0005. One basis point would be proposed as .01; one-half of a basis point would be proposed as.005, etc.)</p>	_____%	_____%	_____%	_____%	_____%		900,000,000	
<p>(ii) Book Entry Securities</p> <p>Complete each cell with a proposed Percentage Amount [that will be multiplied by the average daily balance of Book Entry items held in custody during the month for which the compensation relates, divided by 360 days multiplied by the actual number of days in the respective month]</p> <p>(NOTE: Proposed percentage rate fees shall be interpreted as if preceding a percentage sign (%); for example, .05 percent would be proposed as .05, NOT .0005. One basis point would be proposed as .01; one-half of a basis point would be proposed as .005, etc.)</p>	_____%	_____%	_____%	_____%	_____%		7,000,000,000	

	Proposed Cost					State Use ONLY		
	September 15, 2017 – September 14, 2018	September 15, 2018 – September 14, 2019	September 15, 2019 – September 14, 2020	September 15, 2020 – September 14, 2021	September 15, 2021 – September 14, 2022	Sum	Evaluation Factor	Evaluation Cost (sum x factor)
6. Warrant & Check Processing Expanded Services (Effective September 15, 2018 per RFP Attachment 6.6., <i>Pro Forma</i> Contract, Section A.7.b)								
(i) Expanded Warrant and Check Processing Services	N/A	\$ / PER ITEM CLEARED	\$ / PER ITEM CLEARED	\$ / PER ITEM CLEARED	\$ / PER ITEM CLEARED		1,000,000	
7. Special Investment Vehicle Earnings Rate (per RFP Attachment 6.6., <i>Pro Forma</i> Contract Section A.10)								
(i) Percentage Fed Funds Target Rate Adjustment Per \$ Volume Specify the increase (+) or decrease (-) percentage adjustment to apply to the Federal Funds Target Rate as set from time to time by the Federal Open Market Committee (FOMC); daily interest credit is calculated by multiplying each day's rate in effect, plus or minus the proposed percentage, by the invested balance amount that day, divided by 365. The aggregate of each day's interest during a calendar month will be credited to the Settlement Account on a monthly basis, on the first day of the following month. Be sure to include the plus (+) or minus (-) sign before the proposed percentage. Proposed percentage rate shall be interpreted as if preceding a percentage sign (%); for example, an increase adjustment of .05 percent would be proposed as +.05, NOT +.0005. One basis point increase would be proposed as +.01; one-half basis point increase would be proposed as +.005, etc. Note: For evaluation calculation purposes, a decrease percentage adjustment is used as additional cost and an increase percentage adjustment is used as an offset to cost per RFP Attachment 6.6., <i>Pro Forma</i> Contract, Sections A.4.b and C.3.b. Note: If the FOMC sets the rate using a range, the rate that will be used will be the highest rate in the range. For e.g., if the FOMC sets the rate at a range of .75% to 1.00%, the 1.00% rate will be used.	____ (+ or -)	____ (+ or -)	____ (+ or -)	____ (+ or -)	____ (+ or -)		100,000,000	

8. Bank Deposit Investment Option for State's 529 Savings Plans (per RFP Attachment 6.6., Pro Forma Contract Section A.12)								
	Proposed Cost					State Use ONLY		
	September 15, 2017 – September 14, 2018	September 15, 2018 – September 14, 2019	September 15, 2019 – September 14, 2020	September 15, 2020 – September 14, 2021	September 15, 2021 – September 14, 2022	Sum	Evaluation Factor	Evaluation Cost (sum x factor)
(i) Percentage Fed Funds Target Rate Adjustment Per \$ Volume Specify the increase (+) or decrease (-) percentage adjustment to apply to the Federal Funds Target Rate as set from time to time by the Federal Open Market Committee (FOMC); daily interest credit is calculated by multiplying each day's rate in effect, plus or minus the proposed percentage, by the invested balance amount that day, divided by 365. The aggregate of each day's interest during a calendar month will be credited to the applicable omnibus account on a monthly basis, on the first day of the following month. Be sure to include the plus (+) or minus (-) sign before the proposed percentage. Proposed percentage rate shall be interpreted as if preceding a percentage sign (%); for example, an increase adjustment of .05 percent would be proposed as +.05, NOT +.0005. One basis point increase would be proposed as +.01; one-half basis point increase would be proposed as +.005, etc. NOTE: If the FOMC sets the rate using a range, the rate that will be used will be the highest rate in the range. For e.g., if the FOMC sets the rate at a range of .75% to 1.00%, the 1.00% rate will be used.	____ (+ or -)	____ (+ or -)	____ (+ or -)	____ (+ or -)	____ (+ or -)		10,000,000	
Optional Services								
(i) Optional Gold and Other Precious Metal Storage Services (per RFP Attachment 6.6., Pro Forma Contract, Section A.18)	\$ /PER MONTH	\$ /PER MONTH	\$ /PER MONTH	\$ /PER MONTH	\$ /PER MONTH		12	
The Solicitation Coordinator will use this sum and the formula below to calculate the Cost Proposal Score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.								
lowest evaluation cost amount from <u>all</u> proposals					x 40 (maximum section	= SCORE:		

evaluation cost amount being evaluated	score)
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>	

REFERENCE QUESTIONNAIRE

The standard reference questionnaire provided on the following pages of this attachment MUST be completed by all individuals offering a reference for the Respondent.

The Respondent will be solely responsible for obtaining completed reference questionnaires as required (refer to RFP Attachment 6.2., Technical Response & Evaluation Guide, Section B, Item B.17.), and for enclosing the sealed reference envelopes within the Respondent's Technical Response.

RFP #30901-35618 REFERENCE QUESTIONNAIRE

REFERENCE SUBJECT: RESPONDENT NAME (completed by Respondent before reference is requested)

The "reference subject" specified above, intends to submit a response to the State of Tennessee in response to the Request for Proposals (RFP) indicated. As a part of such response, the reference subject must include a number of completed and sealed reference questionnaires (using this form).

Each individual responding to this reference questionnaire is asked to follow these instructions:

- complete this questionnaire (either using the form provided or an exact duplicate of this document);
- sign and date the completed questionnaire;
- seal the completed, signed, and dated questionnaire in a new standard #10 envelope;
- sign in ink across the sealed portion of the envelope; and
- return the sealed envelope containing the completed questionnaire directly to the reference subject.

(1) **What is the name of the individual, company, organization, or entity responding to this reference questionnaire?**

(2) **Please provide the following information about the individual completing this reference questionnaire on behalf of the above-named individual, company, organization, or entity.**

NAME:	
TITLE:	
TELEPHONE #	
E-MAIL ADDRESS:	

(3) **What goods or services does/did the reference subject provide to your company or organization?**

(4) **What is the level of your overall satisfaction with the reference subject as a vendor of the goods or services described above?**

Please respond by circling the appropriate number on the scale below.

	1	2	3	4	5	
least satisfied						most satisfied

If you circled 3 or less above, what could the reference subject have done to improve that rating?

- (5) If the goods or services that the reference subject provided to your company or organization are completed, were the goods or services provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.

- (6) If the reference subject is still providing goods or services to your company or organization, are these goods or services being provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.

- (7) How satisfied are you with the reference subject's ability to perform based on your expectations and according to the contractual arrangements?

- (8) In what areas of goods or service delivery does/did the reference subject excel?

- (9) In what areas of goods or service delivery does/did the reference subject fall short?

- (10) What is the level of your satisfaction with the reference subject's project management structures, processes, and personnel?

Please respond by circling the appropriate number on the scale below.

	1	2	3	4	5	
least satisfied						most satisfied

What, if any, comments do you have regarding the score selected above?

- (11) Considering the staff assigned by the reference subject to deliver the goods or services described in response to question 3 above, how satisfied are you with the technical abilities, professionalism, and interpersonal skills of the individuals assigned?

Please respond by circling the appropriate number on the scale below.

	1	2	3	4	5	
least satisfied						most satisfied

What, if any, comments do you have regarding the score selected above?

- (12) Would you contract again with the reference subject for the same or similar goods or services?

Please respond by circling the appropriate number on the scale below.

	1	2	3	4	5	
least satisfied						most satisfied

What, if any, comments do you have regarding the score selected above?

REFERENCE SIGNATURE:

(by the individual completing this
request for reference information)

(must be the same as the signature across the envelope seal)

DATE:

SCORE SUMMARY MATRIX

	RESPONDENT NAME		RESPONDENT NAME		RESPONDENT NAME	
GENERAL QUALIFICATIONS & EXPERIENCE (maximum: 20)						
EVALUATOR NAME						
EVALUATOR NAME						
EVALUATOR NAME						
EVALUATOR NAME						
EVALUATOR NAME						
	AVERAGE:		AVERAGE:		AVERAGE:	
TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH (maximum: 40)						
EVALUATOR NAME						
EVALUATOR NAME						
EVALUATOR NAME						
EVALUATOR NAME						
EVALUATOR NAME						
	AVERAGE:		AVERAGE:		AVERAGE:	
COST PROPOSAL (maximum: 40)	SCORE:		SCORE:		SCORE:	
TOTAL RESPONSE EVALUATION SCORE: (maximum: 40)						

Solicitation Coordinator Signature, Printed Name & Date:

RFP #30901-35618 *PRO FORMA* CONTRACT

The *Pro Forma* Contract detailed in following pages of this exhibit contains some “blanks” (signified by descriptions in capital letters) that will be completed with appropriate information in the final contract resulting from the RFP.

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TREASURY
AND
[CONTRACTOR NAME]**

This Contract, by and between the State of Tennessee, Department of Treasury ("State") and [CONTRACTOR LEGAL ENTITY NAME] ("Contractor"), is for the provision of certain banking services for the State of Tennessee, as further defined in the "SCOPE." The State and the Contractor may be referred to individually as a "Party" or collectively as the "Parties" to this Contract.

The Contractor is [A/AN INDIVIDUAL, FOR-PROFIT CORPORATION, NON-PROFIT CORPORATION, SPECIAL PURPOSE CORPORATION OR ASSOCIATION, PARTNERSHIP, JOINT VENTURE, OR LIMITED LIABILITY COMPANY].

Contractor Place of Incorporation or Organization: [LOCATION]

Contractor Edison Registration ID # [NUMBER]

A. SCOPE OF SERVICES:

A.1. The Contractor shall provide all goods or services and deliverables as required, described, and detailed below and shall meet all service and delivery timelines as specified by this Contract.

A.2. Operating Procedures. The Contractor shall assist the State in developing written Operating Procedures for the Contractor's performance of each of the banking services set forth herein, in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.1 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Once developed, said Procedures shall be considered a part of this Contract as though fully set forth herein and the Contractor shall perform such services in accordance with the Operating Procedures, this Contract and the documents described in Section D.31 below. Said Procedures may be amended in writing from time to time by mutual agreement of the parties. The parties agree to amend the Operating Procedures should any changes be necessary in order to comply with any applicable State or Federal laws or regulations specifically relating to the services hereunder.

A.3. Times of Day. All times of day referred to throughout this Contract shall be Central Standard or Daylight Savings Time, as applicable.

A.4. Account Level Services.

a. Establishment of Account. The Contractor shall establish and maintain a bank account in the name of the State for the State's transaction activity described in Sections A.5., A.6, and A.7 (the "Settlement Account").

b. Account Balances. The Contractor agrees the State will receive earnings credit for the Settlement Account's average daily available account balance at the earnings rates determined from the rate adjustments proposed for each contract period, in accordance with the Contractor's Proposal for Item 7 of RFP Attachment 6.3, Special Investment Vehicle Earnings Rate. If the Settlement Account is not also used for purposes of maintaining the State's excess balances in a Deposit Account as defined in Section A.10.a. below, the earnings allowances on the Settlement Account shall be used to offset compensation payable to the Contractor pursuant to Section C of this Contract; and in the event the average collected balance for the month in the Settlement Account is negative, except for negative balances due to Contractor transaction posting errors or delays, the State agrees to pay a service charge which shall be the equivalent of the effective average Federal Funds rate plus 25 basis points multiplied by the negative collected balance divided by 12.

- c. Collateral Level. Any funds remaining in the Settlement Account overnight shall be collateralized in accordance with the Collateral Pool for Public Deposits Act of 1990, which is codified in Tennessee Code Annotated, Title 9, Chapter 4, Part 5.
- d. Bank Statements.
 - (1) Daily. By 8:00 a.m. on each business day or by such earlier time as may be specified on pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.2. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, the Contractor shall make available to the State via electronic access as provided in Section A.4.f. below, bank account statements of all transactions recorded against the Settlement Account for the previous business day. The bank account statements shall be in both BAI and text formats, and downloadable to commonly used spreadsheet applications such as Microsoft Excel. The content, timing and delivery of the bank statement as well as the number of transaction history days available shall be as further described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.2. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. The daily statement shall include, at a minimum, the previous day's beginning balance, the previous day's ending balance, the total number of debits and credits, the total dollar amount of debits and credits as well as transactions posted against the Settlement Account on the previous day. In addition, the Contractor shall make available to the State beginning no later than 9:00 a.m. via electronic access as provided in Section A.4.f. below, a report or statement of all transaction activity recorded against the Settlement Account throughout the current business day in text format and downloadable to commonly used spreadsheet applications such as Microsoft Excel. The content, timing, frequency and delivery of the current day report or statement shall be as further described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.2. of RFP ATTACHMENT 6.2] of the Contractor's Proposal.
 - (2) Monthly. On a monthly basis, the Contractor shall make available to the State via electronic access as provided in Section A.4.f. below, a statement of the Settlement Account activity for the preceding calendar month as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.2. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. The statement shall include, at a minimum, beginning and ending ledger balances for the month, debit and credit transaction detail and a summary of account activity. Such statement shall be made available within five (5) business days from the calendar month-end.
- e. Account Analysis Statement. At the close of each month and by the fifth business day of the following month, the Contractor shall make available to the State via electronic access as provided in Section A.4.f. below, a Settlement Account analysis statement as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.2. of RFP ATTACHMENT 6.2] of the Contractor's Proposal.
- f. On-line Banking, Reporting and Account Access. The Contractor shall provide State designated users with a single-point-of-access to all statements, data, information, reports, files and transactions requested under this service category through a secured, robust, web-based banking application having capabilities for segregating various administrative functions, such as designating different users to perform account transfer transaction initiation and others to perform statement download and reporting functions. The Contractor's on-line banking, reporting and account access application will be as further described on pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.2. of RFP ATTACHMENT 6.2] of the Contractor's Proposal.
- g. Customer Service. The Contractor will maintain a system of customer service that is readily available and capable of responding immediately to the State on matters relating to its accounts and services during normal business hours. In addition, the Contractor will maintain a primary account relationship officer who is available to meet locally with the State at the

State Treasury Department offices in Nashville, Tennessee. The Contractor agrees that such relationship officer will retain familiarity with the State's accounts and services, and be capable of coordinating the necessary resources within the Contractor's organization to address the State's needs in matters concerning the State's accounts and services under this Contract.

A.5. Wire Transfer Services.

- a. Communication Process. Outgoing wire transfer requests made by the State shall be delivered to the Contractor in batch data files throughout each business day. The Contractor shall accept and process such outgoing wire transfer requests on behalf of the State, provide outgoing wire transfer confirmation data files and incoming wire transfer data files to the State throughout the business day via the industry standard secure connection established by the Contractor as provided in Section A.13 below and in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.3. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, and in accordance with the Operating Procedures developed pursuant to Section A.2 above. Advance notification of incoming wire transfers to the State shall entail an immediate e-mail transmission to the State upon receipt of the incoming wire by the Contractor. The Contractor shall provide an electronic interface between the Contractor's wire transfer system and the State's in-house wire system, which in-house system is known as the Automated Cash Management Entry system (ACME). Such interface shall ensure that no re-keying of data in the ACME system by the State will be necessary to (i) send wires, (ii) confirm the execution of outgoing wires, or (iii) to receive wires in the ACME system. The Contractor shall provide a communication process for the State to securely and timely request international outgoing wire transfers where either the U.S. dollar amounts need to be converted to a foreign currency, or certain foreign currency amounts need to be converted to U.S. dollars. Such communication process for international outgoing wire transfer requests shall enable the State to access timely and accurate information for conversion of the foreign currency amount to the U.S. dollar amount when necessary for the wire request, and shall be in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.3. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, and in accordance with the Operating Procedures developed pursuant to Section A.2 above.
- b. Transaction Timing. The Contractor shall accept communication of outgoing wire transfer instructions each business day by no later than 7:30 a.m. and ending no earlier than 4:00 p.m. for same day settlement. No more than thirty (30) minutes shall elapse between the receipt of outgoing wire transfer instructions by the Contractor and the corresponding confirmation to the State of the transfer of funds, except when either (i) the Federal Reserve Wire Transfer System is inoperable, (ii) the State has reached its net debit position referred to in Section A.11 hereof, or (iii) when the State, at the Contractor's written request, has delivered to the Contractor a written waiver thereof. Any such waiver by the State shall only be applicable to the one occasion waived and shall not be construed as a waiver of such requirement on any future occasion. If the Contractor's attempt to execute the transfer of funds fails, the Contractor shall notify the State by telephone at the time the Contractor is made aware of such failure. All incoming wires received by the Contractor in proper format shall be posted to the State's Settlement Account within thirty (30) minutes of the Contractor's receipt of the same. By 8:00 a.m. on each business day, the Contractor shall provide to the State via electronic delivery a file in BAI format that includes all incoming wire receipt activity occurring the previous business day.
- c. Outgoing Wire Transaction Confirmation. After all outgoing wire transfer instructions have been executed, or in the case of a failure to execute, after the State has been notified of the failure, the Contractor shall confirm the status of each wire transfer as either executed or failed. Each outgoing wire initiated by the State shall be confirmed by the Contractor according to the Operating Procedures developed pursuant to Section A.2 above.

- d. Transaction Processing. All domestic outgoing and incoming wire transfers made on behalf of the State shall be processed and confirmed by the Contractor in the same manner as provided above regardless of the payee or payor. If the Contractor must make any modification to outgoing wire transfer instructions to accommodate delivery to the proper party, the Contractor shall notify the State within twenty-four (24) hours of the changes made. For wires received by the Contractor that are not in proper format, every effort shall be made by the Contractor to post the wires to the State's Settlement Account on the date of receipt in accordance with Tennessee Code Annotated, Section 47-4A-207.
- e. Security and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent wire transfer activities. The Contractor shall further maintain a robust, alternate wire transfer service resumption plan, which addresses events affecting the Contractor's site, the Strategic Technology Solutions (STS) Data Center and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above. Such plan shall provide for the timeframe and procedures for resumption of wire transfer processing in the event of a disaster, which affects the Contractor's primary service delivery office(s). The plan shall also require the Contractor to coordinate with STS and the State's Disaster Recovery site vendor to assure the redirection of the wire transfer communications link to the State's Disaster Recovery hot site along with any State leased circuits and the availability of encrypted transmission capability to the State Disaster Recovery site due to an event requiring STS to shift State operations to its Disaster Recovery site. The plan shall also include a plan for the physical exchange of wire transfer files, or an alternate communication method with the State, in the event that electronic delivery is not feasible.

A.6. Automated Clearing House (ACH) Services. Effective **January 2, 2018**, or at such later date as determined at the sole discretion of the State, the Contractor shall perform the following services on behalf of the State:

- a. Communication and Confirmation Process. The Contractor shall accept and process ACH activity on behalf of the State, and settle the same as "on-us" or with the Federal Reserve Bank, or with other settlement partners, in accordance with applicable rules and regulations governing the ACH Network. Data files containing ACH origination entries shall be authorized and delivered by the State to the Contractor, and data files containing ACH receipts, origination returns, and corrections entries, as well as the ACH Composite Receiver File (CRF), shall be delivered by the Contractor to the State, via the industry standard secure connection established by the Contractor as provided in Section A.13 below, in the format and at the times specified in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.4. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- b. Communications of State-initiated Returns and Corrections. The Contractor shall provide the State with a procedure to request the deletion or reversal of ACH origination entries after they are transmitted to the Contractor, and shall provide the State with procedures to request the return of ACH receipt entries and dishonor of return entries, in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.4.6) of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Detailed procedures for these processes shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- c. Settlement of ACH. The Contractor shall serve as the Receiving Depository Financial Institution (RDFI) in processing and settling the State's ACH receipts activity. The Contractor shall serve as the Originating Depository Financial Institution (ODFI) for the State's ACH origination activity. The ACH data files referenced in Section A.6.a above shall provide the ACH entries included in the amounts posted to and settling on the State's Settlement Account that day. The Contractor shall provide or make available to the State a current day report or

statement that enables the State to balance the ACH activity posting to the Settlement Account each day, and includes all ACH activity recorded against the Settlement Account throughout the current day, beginning no later than 9:00 a.m. and as described on pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.4.4) of RFP ATTACHMENT 6.2] of the Contractor's Proposal.

- d. File Retransmission. The Contractor shall retain ACH data transmission files for a rolling thirty-day period. Should the State need an ACH receipts, returns and corrections file retransmitted for any reason, the Contractor shall retransmit the same within twenty-four (24) hours of the State's request so long as such file is still retained on the Contractor's system.
- e. ACH Receipts Processing. The Contractor shall act as the RDFI in processing and settling the State's ACH receipts and related activity through the Federal Reserve Bank and the ACH network. In this capacity, the Contractor shall perform all processing functions and responsibilities of the RDFI under NACHA Rules, including, but not limited to, screening of International ACH Transactions (IAT) and associated Office of Foreign Assets Control (OFAC) compliance. Detailed procedures relative to ACH receipts processing shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- f. Same Day Settlement. The Contractor shall process for the State Same Day settlement items for (i) ACH Originations and (ii) ACH receipts in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.4.7) of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- g. Expanded ACH Processing Services. The Contractor shall perform on behalf of the State ACH processing services, which shall include, but not be limited to, originations, returns and receipts. As a part of this process, the Contractor shall ensure the State retains the ability to track and monitor origination files, reconcile the State's origination activity as it is occurring, and balance the settlement of the origination activity daily. The Contractor acknowledges and agrees that the state of Tennessee has over two hundred (200) specific ACH accounts that the State intends to continue to use to account for the various ACH source of funds once the ACH processing services are transitioned to the Contractor. Detailed procedures for these processes shall be contained in the Operating Procedures developed pursuant to Section A.2 above. As part of the security described in Section A.6.h below and in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.5.2) of RFP ATTACHMENT 6.2] of the Contractor's Proposal, the Contractor shall ensure that the specific state of Tennessee agencies will only be able to access the accounts for which the agencies have been granted authorization to access.
- h. Security and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent ACH transfer activities. The Contractor shall further maintain a robust, alternate ACH service resumption plan, which addresses events affecting the Contractor's site, the STS Data Center and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above. Such plan shall provide for timeframe(s) and procedures for resumption of ACH processing in the event of a disaster, which affects the Contractor's primary service delivery office(s). The plan shall also require the Contractor to coordinate with STS and the State's Disaster Recovery site vendor to assure the redirection of the ACH communications link to the State's Disaster Recovery hot site along with any State leased circuits and the availability of encrypted transmission capability to the State Disaster Recovery site due to an event requiring STS to shift State operations to its Disaster Recovery site. The plan shall also include a plan for the physical exchange of ACH files with the State in the event that electronic delivery is not feasible.

- i. Requests of ACH Rules and Regulations. Upon request by the State, the Contractor shall provide a copy of any requested rules, regulations and guidelines issued by regulatory authorities or governing bodies that are applicable to ACH services.

A.7. Settlement of State Checks and Warrants, In-clearing Items and Related FRB Service Fees.

- a. Correspondent for the State. The Contractor shall serve as Correspondent for the State with the Federal Reserve Bank to accept and settle State checks and warrants, in-clearing and return cash letter items, and related debit and credit adjustments, and for Billing Service Fees as presented by the Federal Reserve Bank for the State as Respondent. Said presentments will be posted to the Settlement Account as defined in Section A.4.a above, and will be reported to the State in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.7 of RFP ATTACHMENT 6.2] of the Contractor's Proposal, and in accordance with the current Federal Reserve Bank operating procedures relative to such items. The Contractor shall communicate the FRB cash letter amounts to the State by 1:00 p.m. each banking day in order for the State to balance to its system's update of the daily warrant and check payment files provided directly to the State by the Federal Reserve Bank.
- b. Expanded Warrant and Check Processing Services. Effective **September** 15, 2018 or on such later date as shall be determined at the sole discretion of the State, the Contractor shall perform on behalf of the State check and warrant processing services, which shall include presentment point, image and archive services, Check21 cash letter presentment and settlement, adjustment, returns processing and enhanced positive pay options. Detailed procedures for these processes shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- c. Negotiable Items Settling at the Aggregate Level in the State Settlement Bank Account. The Contractor agrees that checks and warrants shall settle against the routing transit number that is assigned to the State at the Federal Reserve and the ACH Credits and Debits shall settle at the RDFI that is assigned to the Contractor specifically for the State's ACH entries. Both of these functions shall settle at the Contractor bank at the aggregate level. The Contractor agrees that no individual negotiable items such as checks, warrants or ACH entries will settle against the State's Settlement Account. The Contractor shall provide and maintain a monitoring service that will reject any individual check, warrant or ACH negotiable item from settling in the Settlement Account held by the Contractor.
- d. Security and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent check or warrant clearing activities. The Contractor shall further maintain a robust, alternate check or warrant clearing service resumption plan, which addresses events affecting the Contractor's site, the STS Data Center and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above. Such plan shall provide for timeframe(s) and procedures for resumption of check processing in the event of a disaster, which affects the Contractor's primary service delivery office(s). The plan shall also require the Contractor to coordinate with STS and the State's Disaster Recovery site vendor to assure the redirection of the communications link to the State's Disaster Recovery hot site along with any State leased circuits and the availability of encrypted transmission capability to the State Disaster Recovery site due to an event requiring STS to shift State operations to its Disaster Recovery site. The plan shall also include a plan for the physical exchange of check and warrant issue files with the State in the event that electronic delivery is not feasible.

A.8. Image Cash Letter (ICL) Check Deposit Services.

- a. Communication and Confirmation Process. The Contractor shall accept, process, and confirm Image Cash Letter (ICL) check deposit activity from the State, and shall send related return

files to the State via the industry standard secure connection established by the Contractor as provided in Section A.13 below and in the format and at the times specified in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.9. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.

- b. Account Maintenance. The Contractor shall designate and maintain separate State Depository accounts for the settlement of credit activity associated with ICL check deposits, as designated by the State, and for the posting of any debit and credit ICL check deposit adjustments, rejects and subsequent returned item charge-backs related to the Image Cash letter deposits. The State may request separate depository accounts to support various ICL check deposit applications within the State. Such accounts will be maintained in accordance with provisions and procedures outlined within the State Depository agreement between the Treasurer of the State of Tennessee and the Contractor.
- c. Processing, Settlement and Funds Availability. The Contractor shall process the ICL check deposits presented by the State in the manner described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.9 of RFP ATTACHMENT 6.2] of the Contractor's Proposal, and in accordance with industry practices and standards for such deposits, applicable laws and banking regulations associated with image presentment. The Contractor shall further process the deposit items presented by the State for collection in an expeditious manner and provide available funds accordingly. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- d. ICL Item Reject Notification, Returns and Adjustments. The Contractor shall provide immediate notification of file rejects electronically to appropriate contacts as shall be designated in the Operating Procedures developed pursuant to Section A.2 above. In addition, the Contractor shall provide notification of item rejects due to unacceptable image quality, ineligible or non-negotiable item, or failure to meet other edits of the Contractor's ICL processing to the State's designated contacts on or before the business day following the receipt of the ICL deposit containing the rejected item(s). The Contractor shall provide the State with one daily ICL returns file for each ICL deposit point of origin, subject to maximum file limits, for items that require charge-back, such as NSF items, stop payment items, closed account items, etc. The Contractor shall otherwise process and settle file rejects, item rejects and deposit adjustments in accordance with the timing and methods for such processing and settlement as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.9 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.
- e. Risk Management. The Contractor shall provide the State with applicable policies, procedures, requirements, recommendations, guidelines and security measures with respect to the handling, safekeeping, retention and proper destruction of physical deposit items by the State following the image capture processing and transmittal of items to the Contractor. Based on this information, the Contractor and the State will agree upon specific procedures to be communicated to the State's processing locations and included in the Operating Procedures to be developed pursuant to Section A.2 above.
- f. File Retransmission. The Contractor shall retain ICL data transmission files for a rolling thirty-day period. Should the State need an ICL returns file retransmitted for any reason, the Contractor shall retransmit the same within twenty-four (24) hours of the State's request so long as such file is still retained on the Contractor's system.
- g. Security and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent ICL activities. The Contractor shall further maintain a robust, alternate ICL service resumption plan, which addresses events affecting the Contractor's site, the STS Data

Center and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above. Such plan shall provide for the timeframe(s) and the procedures for resumption of ICL processing in the event of a disaster, which affects the Contractor's primary service delivery office(s). The plan shall also require the Contractor to coordinate with STS and the State's Disaster Recovery site vendor to assure the redirection of the ICL communications link to the State's Disaster Recovery hot site along with any State leased circuits and the availability of encrypted transmission capability to the State Disaster Recovery site due to an event requiring STS to shift State operations to its Disaster Recovery site. The plan shall also include a plan for the physical exchange of ICL files with the State in the event that electronic delivery is not feasible.

A.9. Custodial Services.

- a. Accounts. The Contractor agrees to establish and maintain four (4) separate custody accounts in the name of the State (the "Custody Accounts"). One such account shall contain exclusively the Securities of the State Pooled Investment Fund (SPIF); the second account shall contain exclusively the Securities of the Intermediate Term Investment Fund (ITIF); the third account shall contain exclusively the Securities of the Tennessee Wildlife Resources (TWRA) investment fund; and the final account shall contain exclusively the Securities of the Economic and Community Development (ECD) investment fund. For purposes of this Contract, "Securities" shall mean commercial paper, book entry United States Government agencies' securities, banker's acceptances, securities transferred through the Depository Trust Company, and any certificates, receipts, warrants or other instruments representing rights to receive, purchase or subscribe for the same or evidencing or representing any other rights or interests therein or other similar property from time to time received by the Contractor or its subcustodians in accordance herewith. The Contractor further agrees to provide "contractual" settlement of the Securities, or immediate funds availability to the State each morning for its maturing Securities, subject to the State making the Contractor whole by the following business day in the event the Contractor is not paid for a maturing Security by the issuer. The Custody Accounts for the SPIF and ITIF shall be divided into two sub-accounts each. One such sub-account shall be referred to as the "Fed Book Entry" sub-account and contain the book entry United States Government agencies' securities and the remaining sub-account shall be referred to as the "DTC" sub-account and contain all other Securities. Any and all cash received by the Contractor on behalf of the State pursuant to this Section A.9 shall be held in the Settlement Account established and maintained by the Contractor in the name of the State pursuant to Section A.4.a hereof, the cash so held not being subject to withdrawal by draft or check.
- b. Responsibility. The Contractor shall not make any other use or disposition or take any action with respect to Securities and cash received hereunder except in accordance with the terms of this Contract.
- c. Maintenance of Accounts. Except as provided in Section A.9.d. below, the Contractor shall hold all Securities at [CONTRACTOR'S ADDRESS/LOCATION].
- d. Subcustodians.
 - (1) Upon direction by the State and in accordance with the terms of this Paragraph d, the Contractor is authorized to hold Securities in the Depository Trust Company, in the Federal Reserve Book Entry System or at such other financial institution as may be authorized by the State in writing, hereinafter collectively referred to as "subcustodians", or singularly referred to as "subcustodian".
 - (2) The Contractor shall identify on its books as belonging to the State any Securities held by a subcustodian. In the event any of the Securities is to be held by a subcustodian, such subcustodian shall be required by its agreement with the Contractor to identify on its books such Securities as being held for the account of the Contractor for its customers.

The Contractor shall only deposit Securities in an account with a subcustodian which includes exclusively the assets held by the Contractor for its customers, and the Contractor shall cause such account to be designated by such subcustodian as a special custody account for the exclusive benefit of customers of the Contractor.

- (3) The Contractor shall be liable to the State for any losses incurred through any subcustodian to which physical possession of Securities are entrusted to the same extent that it would be liable to the State if the Contractor had retained physical possession of the same.
 - (4) The Contractor will authorize the holding of Securities by a subcustodian only to the extent that the Securities are not subject to any right, charge, security interest, lien or claim of any kind in favor of such subcustodian and only to the extent that beneficial ownership of such Securities is freely transferable without the payment of money or value. Any costs, fees or expenses associated with the safekeeping and servicing of the Securities by a subcustodian shall be the responsibility of the Contractor.
- e. Purchases. Upon instructions from the State as communicated in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.10. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, the Contractor shall accept delivery of Securities purchased by the State "in good delivery form" and make payment for such Securities upon receipt. The Contractor shall charge the cost of such purchased Securities to the Settlement Account established and maintained pursuant to Section A.4 hereof on the date payment for such Securities is made by the Contractor. With respect to any directions to receive Securities, the Contractor shall advise the State of non-receipt of such Securities but shall have no duty or responsibility to take any steps to obtain delivery of securities from brokers or others either against payment or free of payment.
- f. Sales.
- (1) Upon the instructions of the State as communicated in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.10. of RFP ATTACHMENT 6.2] of the Contractor's Proposal, the Contractor shall deliver Securities as the State shall direct.
 - (2) Payment from the sale of Securities shall be promptly credited by the Contractor to the Settlement Account. Any direct loss to the State including, but not limited to, penalties paid by the State, transaction costs and interest earnings lost by the State caused by the Contractor's failure or delay in collecting or crediting payments shall be reimbursed to the State by the Contractor to the extent such failure or delay could have been avoided by the Contractor's exercise of due care.
 - (3) The Contractor shall credit the proceeds from the sale of Securities to the Settlement Account established and maintained pursuant to Section A.4 hereof on the date of collection of the same by the Contractor.
- g. Dividends and Interest. The Contractor shall collect and receive all interest and other income from the Securities held in the Custody Accounts. Interest shall be credited to the Settlement Account promptly on the interest due date. The Contractor shall promptly notify the State of any default in the payment of interest. The Contractor is authorized, as the State's agent, to sign any declarations, affidavits, certificates of ownership or other documents which are now or may hereafter be required with respect to all coupons, registered interest, or other income on Securities now or hereafter held or received for the State.
- h. Collection of Principal and Maturities. The Contractor is authorized to collect and receive the principal of all Securities which may from time to time be within its custody when and as they may mature, or as they may be redeemed, or as they may be sold upon the instructions of the State. In the event the Contractor is unable to effect collection, it shall promptly notify the

State. Notwithstanding any provision of this Contract to the contrary, the proceeds resulting from the maturity of Securities held in the Custody Accounts shall be wired and credited to the State's Settlement Account established and maintained by the Contractor pursuant to Section A.4.a hereof by no later than 8:00 a.m. on maturity date. The settlement of proceeds between the Contractor and the State resulting from the maturity of all Securities held in the Custody Accounts shall occur in the Settlement Account established and maintained pursuant to Section A.4 on the date the Securities mature. The parties acknowledge that the actual settlement of such Securities will not occur until approximately 3:00 p.m. on the maturity date. As a result, the State agrees that upon notification from the Contractor of non-receipt of the proceeds by 3:00 p.m. on maturity date, the State shall wire to the Contractor the principal amount of such proceeds, plus interest on such amount equal to the equivalent of the effective average Federal Funds rate plus 25 basis points multiplied by the principal amount of the proceeds divided by 360, multiplied by 1. The State shall wire said amount to the Contractor by no later than 10:00 a.m. on the next Business Day after notification of non-receipt from the Contractor.

- i. Correction of Errors. In the event an error is made by the Contractor in crediting monies to the Settlement Account to which the State is not entitled, the State will return such monies to the Contractor within a reasonable period of time upon notification of the error.
- j. Financial Statements. The Contractor shall forward to the State all financial statements or other literature received by it in connection with or relating to Securities held by the Contractor for the State immediately upon receipt.
- k. Exchanges. The Contractor is authorized to make routine exchanges of Securities. The exchanges contemplated hereunder include exchanges of Securities in temporary form for definitive securities and exchanges in order to reflect changes in names of the issuers. The Contractor shall make such further exchanges of Securities as the State shall direct.
- l. Reports. The Contractor shall provide to the State on a monthly basis a report containing the transaction activity of the State occurring pursuant to this Section A.9 during the previous month and a report of holdings as of month end. The specific data to be provided and the format in which it is to be transmitted shall be agreed to by both parties. Such report shall be provided to the State within ten (10) business days after the end of the month with respect to which the report refers.
- m. Security and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent custodial trade activities. The Contractor shall further maintain a robust, alternate service resumption plan, which addresses events affecting the Contractor's site, the STS Data Center and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above. Such plan shall provide for resumption of custody services and processing in the event of a disaster, which affects the Contractor's primary service delivery office(s). The plan shall also require the Contractor to coordinate with STS and the State's Disaster Recovery site vendor to assure the redirection of the custodial trade communications link to the State's Disaster Recovery hot site along with any State leased circuits and the availability of encrypted transmission capability to the State Disaster Recovery site due to an event requiring STS to shift State operations to its Disaster Recovery site. The plan shall also include a plan for the physical exchange of custodial trade files, or an alternate communication method with the State, in the event that electronic delivery is not feasible.
- n. Investment Trade Compliance. At the State's option, the Contractor shall provide to the State investment trade monitoring services that are made available through the Contractor, if any, as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.17. of RFP ATTACHMENT 6.2] of the Contractor's Proposal.

Detailed procedures for the implementation of these services shall be included in the Operating Procedures developed pursuant to Section A.2 above.

A.10. Special Investment Vehicle.

- a. Description. In addition to, or in conjunction with, the Settlement Account established pursuant to Section A.4.a., the Depository Accounts established pursuant to Section A.8.b and the Custody Accounts established pursuant to Section A.9 hereof, the Contractor shall either establish and maintain on behalf of the State, a separate collateralized interest bearing deposit account (Deposit Account), or maintain the State's excess balances in the Settlement Account, as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.11 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Said account shall be held in the name of the State and shall be for the purpose of receiving and investing funds, or maintaining the overnight balance of the Settlement Account in excess of the amount needed to fund the normal account activity. Interest on the balance of up to \$100,000,000 in the interest bearing account shall be payable by the Contractor on a daily basis, calculated by multiplying that day's applicable rate by the invested balance amount that day, divided by 365, unless the State and the Contractor mutually agree to apply balances for any day or period of days within the contract term that exceed \$100,000,000 to the same interest rate and provisions. The aggregate of each day's interest for a month shall be credited to the Settlement Account on a monthly basis, on the first day of the following month. The interest rate shall equal the Federal Funds Target Rate as set from time to time by the Federal Open Market Committee (FOMC) [PLUS OR MINUS, AND PERCENTAGE NUMBER IN ITEM 7 OF THE SUCCESSFUL RESPONDENT'S COST PROPOSAL]. If the FOMC sets the rate using a range, the rate that will be used shall be the highest rate in the range.
- b. No Reserve Requirement. The Contractor represents and warrants that all funds remaining in either a separate Deposit Account, or the Settlement Account at the end of each day shall be invested in the collateralized interest bearing deposit account and shall not be subject to any reserve requirements imposed by the Federal Reserve.
- c. Collateral Level. All funds invested in the collateralized interest bearing Deposit Account shall be collateralized in accordance with the Collateral Pool for Public Deposits Act of 1990, which is codified in Tennessee Code Annotated, Title 9, Chapter 4, Part 5.

A.11. Maintenance of Settlement and Deposit Account Balance. The State shall maintain a sufficient balance in the Settlement Account plus, if applicable, the Deposit Account, to ensure that the State does not exceed a net debit position of one hundred million dollar (\$100,000,000) or such higher amount as may be specified on page [PAGE NUMBER FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.12 of RFP ATTACHMENT 6.2] of the Contractor's Proposal.

A.12. Bank Deposit Investment Option for State's 529 Savings Plans. The Contractor shall provide an investment option for participants in each of the State's two 529 savings plans. The investment options shall be interest bearing accounts that are held at the Contractor and titled for the exclusive benefit of the respective 529 plan participants in order that the FDIC requirements for pass through FDIC deposit insurance may be satisfied. The amount of FDIC insurance provided to each participant is based upon the total of (i) the value of amounts invested on behalf of a participant in the interest bearing account plus (ii) the value of other accounts held by the participant in the same capacity, if any, at the Contractor, as determined by FDIC regulations. These two omnibus bank deposit accounts shall allow for withdrawals or deposits on a daily basis and earn interest for the applicable owners. These accounts shall be held in the aggregate by the Contractor with the State's staff being responsible for the participant level details on each applicable program. The aggregate of each day's interest for a month shall be credited to the applicable omnibus account on a monthly basis, on the first day of the following month. The interest rate shall equal the Federal Funds Target Rate as set from time to time by the Federal Open Market Committee (FOMC) [PLUS OR MINUS, AND PERCENTAGE NUMBER IN ITEM 8

OF THE SUCCESSFUL RESPONDENT'S COST PROPOSAL]. If the FOMC sets the rate using a range, the rate that will be used shall be the highest rate in the range.

- A.13 Communications Link and Data Security. The Contractor and the State will conduct communication of Wire, ACH, ICL, and Custody trade transactions in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.14 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. The Contractor shall implement and maintain on behalf of the State at least one secure communication link between the Contractor and the State for the purpose of transmitting and receiving ACH, Wire, Custody and ICL transaction files. Said communication link(s) must be acceptable to the State, compatible with the Federal Reserve Bank's Level 1 Security Procedures in Appendix A of the FRB Operating Circular 4, and must be encrypted in compliance with current ACH Rules. Further, confidential data must be encrypted in transit and in flight in accordance with NIST publication 140-2.

The Contractor agrees that its authentication system for interactive file transmission shall provide for dual factor authentication. The Contractor further agrees to maintain all data in the United States. In addition, the Contractor agrees that its processing environment will be ISO 27000, SOC 2 Type 2 or FEDRAMP compliant and will provide to the State proof of compliance on an annual basis. At the end of the contract term or as directed by the State, the Contractor shall destroy confidential State data in accordance with NISP Special Publication 800-88. The Contractor agrees to connect to the State's environment through a B2B VPN.

The Contractor shall also provide an alternative, independent transmission capability that is acceptable to the State and which can be available within one (1) hour. Detailed procedures relative to the communications link and the data security alternative communication process shall be included in the Operating Procedures developed pursuant to Section A.2 above.

- A.14. Business Continuity and Disaster Recovery Plan. In addition to the alternative wire transfer, ACH, ICL, checks and warrants, and Custodial service resumption plans described in Sections A.5.e., A.6.h., A.7.d., A.8.g. and A.9.m., the Contractor shall maintain a Business Continuity and Disaster Recovery Plan that will provide for the continuous and uninterrupted delivery of services hereunder. Said plan shall be in substantially the same form as the plan outlined on pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.15 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. In the event that any material change to the form of the plan is proposed by the Contractor, the Contractor shall so advise the State in writing. For the purposes of this Paragraph, "material change" shall include, but shall not be limited to, the time required for restoration of services or in the location of the hot-site. Each year during the term of this Contract, the Contractor shall participate with the State in the State's annual disaster recovery testing. The Contractor shall annually certify to the State in writing, that the Contractor continues to maintain its Business Continuity and Disaster Recovery Plan and related Security Standards at or above the minimum standards of the banking industry for the services provided to the State, and has successfully exercised its Business Continuity and Disaster Recovery Plan.

The Contractor agrees to support the State and a financial institution that may be designated by the State in the future as a backup for providing the services under this Contract.

- A.15. Separate Contract. The State acknowledges that the Contractor, in providing services to the State hereunder, shall be operating within a separate contract between the Contractor and the Federal Reserve. Further, the State recognizes that the Contractor must be a party to such an arrangement in order to provide such services to the State.
- A.16. Financial Condition Reporting. The Contractor shall electronically file its quarterly Consolidated Report of Condition and Income "Call Report" with the State Treasurer at the same time it is filed with the Federal Deposit Insurance Corporation (FDIC) or the Office of Thrift Supervision (OTS), whichever is applicable, in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.16 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. In addition, any amendment to the Call Report must be filed in the same

manner with the State Treasurer on the same day the amendment is filed with the FDIC or OTS. The format and layout of such filing shall otherwise be in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.16 of RFP ATTACHMENT 6.2] of the Contractor's Proposal.

- A.17. ACH and FED Wire. The State and the Contractor shall comply with all applicable laws, rules and regulations, including the rules of the National Automated Clearinghouse, in its processing and initiation of ACH transactions and requests for transfers of funds under this Contract.
- A.18. Optional Gold and Other Precious Metal Storage Services. At the option of the State, the Contractor shall securely store any gold or other precious metals purchased by the State in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.18 of RFP ATTACHMENT 6.2] of the Contractor's Proposal and as further detailed in the Operating Procedures developed pursuant to Section A.2 above.
- A.19. Optional Check Cashing/Dispensing and Automated Teller Machine Services. At the option of the State, the Contractor shall provide and otherwise maintain an automated solution for check cashing to include cash dispensing combined with Automated Teller Services or KIOSK services in the General Assembly office building, in the State Capitol and other select State central government facilities for members of the Tennessee General Assembly and select other state of Tennessee officials who need access to such services. The services shall be provided in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.19 of RFP ATTACHMENT 6.2] of the Contractor's Proposal and as further detailed in the Operating Procedures developed pursuant to Section A.2 above. The State shall supply the Contractor with a list of such authorized officials/employees who may request a check to be cashed. The services shall be available twenty-four (24) hours a day, three hundred sixty-five (365) days a year, except for reasonable down time for maintenance. The Contractor acknowledges and agrees that the checks must either be a state of Tennessee warrant or check or a personal check. The State shall maintain a petty cash account with the Contractor for purposes of cashing and depositing the checks. These services shall be provided at no cost to the persons cashing checks and at no additional cost to the State.
- A.20. Authorized Individuals. Each party hereto has provided the other party hereto with a list identifying the individuals from whom the other party is authorized to accept any notices, requests, demands, or other advice which may be given hereunder by the party providing such list. Said lists, which are attached hereto as Attachment 1, shall be valid until revoked or amended by further written notice. The parties hereto shall only be entitled to rely on notices, requests, demands, or other advice given by such individuals.
- A.21. Performance Standards Guarantee.
- a. Standards. The Contractor agrees the following performance standards shall be met or exceeded and that if such standards are not met, the Contractor's compensation shall be reduced pursuant to Section A.21.b below:
- (1) The use of manual (versus electronic) transfer and confirmation of Wire Transfer, ACH, ICL or Custody trade transactions, caused by the Contractor, shall not occur for more than two (2) consecutive days.
 - (2) The statements required in Sections A.4.d and A.4.e shall be provided to the State within the time frames specified in those Sections.
 - (3) Assuming the Federal Reserve Wire Transfer System is functioning properly, all wire instructions given by the State shall be confirmed within the time requirements specified in Section A.5.

- (4) The quarterly Call Reports shall be filed with the State Treasurer within the time requirements specified in Section A.16.
 - (5) The service resumption timeframes as designated in the Operating Procedures pursuant to Sections A.5.e, A.6.h, A.7.d, A.8.g, and A.9.m shall be met.
 - (6) The ACH settlement amounts for reconciliation shall be provided to the State by no later than 9:00 a.m. as specified in Section A.6.c.
 - (7) The ICL deposit items shall be provided to the State in an expeditious manner, and the ICL items reject notifications, return and adjustments shall be provided to the State as designated in the Operating Procedures for ICL pursuant to Sections A.8.c and A.8.d.
 - (8) The proceeds from the maturity of Securities held in the Custody Accounts shall be wired and credited to the State's Settlement Account by 8:00 a.m. on maturity date as specified in Section A.9.h.
 - (9) Notifications shall be provided to the State within twenty-four (24) hours of any modifications to outgoing wire transfer instructions in accordance with Section A.5.d.
- b. Guarantee. If the Contractor does not meet or exceed the performance standard in Subdivision a(1) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by five hundred dollars (\$500.00) for each day the standard was not met. If the Contractor does not meet or exceed the performance standard in Subdivision a(2) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one hundred dollars (\$100.00) for each day a statement is late. If the Contractor does not meet or exceed any of the performance standards in Subdivision a(3), a(6), a(7), and a(9) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one hundred dollars (\$100.00) for each time the standard was not met. If the Contractor does not meet or exceed the performance standard in Subdivision a(4) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one hundred dollars (\$100.00) for each day the filing is late. If the Contractor does not meet or exceed the performance standard in Subdivision a(5) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one thousand dollars (\$1,000.00) for the initial occurrence plus an additional one thousand dollars (\$1,000.00) per day thereafter for every day after day one that service is interrupted. If the Contractor does not meet or exceed the performance standard in Subdivision a(8) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one thousand dollars (\$1,000.00) for each occurrence.
 - c. Waiver of Reduction. The State shall notify the Contractor in writing of any reduction in compensation to be made pursuant to this Section. Any amount assessed hereunder may be waived by the State upon presentation of adequate documentation from the Contractor indicating the standard was not met because of a unique problem or situation. Such documentation must be submitted to the State within ten (10) days of the issuance of a notice of reduction.
 - d. No Limit of Liability. This Section shall not be construed to limit the liability of the Contractor for damages sustained by the State by virtue of any breach of this Contract by the Contractor nor shall such obligation be construed to limit any other remedies available to the State in equity, at law or otherwise.

A.22. Representations and Covenants of the Contractor.

- a. The Contractor represents and warrants that (1) it is a state depository pursuant to Tennessee Code Annotated, Section 9-4-107; (2) it is a participant in the Collateral Pool

created pursuant to Tennessee Code Annotated, Title 9, Chapter 4, Part 5; (3) it is an on-line member of the Federal Reserve Bank's Fedwire System with Fedwire transfer transaction volumes exceeding five thousand (5,000) incoming Fedwire funds transfers per month and five thousand (5,000) outgoing Fedwire funds transfers per month; (4) it is a member of the National Automated Clearing House Association (NACHA) and is Originating Depository Financial Institution (ODFI) with ACH transaction volumes exceeding one million (1,000,000) origination entries per month, and is a Receiving Depository Financial Institution (RDFI) with ACH transaction volumes exceeding one million (1,000,000) receipts entries per month; and (5) it agrees to serve as Correspondent, with the State as Respondent, for the purpose of allowing the Federal Reserve Bank (FRB) to charge and credit the Contractor's FRB account to settle the State's warrant/check cash letters and related adjustment entries, as well as the State's FRB payor bank service charges, for pass-through to the State, and to execute the FRB's Appendix 5 to Operating Circular 1 as it relates to this relationship. The Contractor shall register the State's designated ACH routing number under its financial institution with the Routing Number Administrative Board for the duration of this Contract and to transfer the ACH Routing Number to the State's successor ACH vendor bank at the conclusion of this Contract. In addition, the Contractor agrees to serve as Correspondent, with the State as Respondent, with the Federal Reserve Bank, for the purpose of serving as the RDFI for ACH entries received on the Routing Number registered to the State.

- b. The Contractor further represents and warrants to the State that (1) it is duly authorized to execute and deliver this Contract, and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance; (2) the person signing this Contract on its behalf is duly authorized to do so on its behalf; (3) it has obtained all authorizations of any governmental body required in connection with this Contract and the transactions hereunder and such authorizations are in full force and effect; and (4) the execution, delivery and performance of this Contract will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected.
- c. The Contractor also represents and warrants to the State that (1) any and all collateral pledged to the State hereunder shall be free from any lien or encumbrance; (2) that this Contract has been approved by its Board of Directors at its meeting of [DATE OF MEETING], and that the approval of the Board of Directors is reflected in the minutes of said meeting (copies of said resolution and relevant portion of the minutes of said meeting are attached hereto as Attachment 4 and made a part hereof); (3) that this Contract shall be continuously maintained, from the time of its execution, as an official record of the Contractor; (4) that any collateral pledge transaction under this Contract will fully comply with all the requirements of Section 1823(e) of Title 12 of the United States Code, as amended; (5) that this Contract and all confirmations and other writings relating to any collateral pledged hereunder constitute and will constitute an official record of the Contractor within the meaning of Section 1823(e) of Title 12 of the United States Code, as amended; and (6) that upon any transfer of collateral hereunder, the Contractor will have good and clear title to the collateral transferred and that the collateral will be and will remain free and clear of any and all claims, liens or encumbrances, except the State's security interest hereunder, and that it will do all such acts and things as the State may reasonably request, from time to time, to ensure that the State's security interest in the collateral remains valid and perfected under Tennessee state law and under the above cited Section 1823(e).

A.23. Certification. This Contract shall be accompanied by a resolution of the Contractor's Board of Directors and a certified copy of the minutes of the meeting showing the Board's acceptance of the terms and conditions of this Contract, and of the authority of the individual executing this Contract on behalf of the Contractor.

A.24. Changes in Ownership. If at any time during this Contract the Contractor merges with another entity or a change of ownership is effected, the Contractor shall give written notice of such merger or change to the State within five (5) business days of receiving approval of such merger or change from the appropriate regulatory authorities. The Contractor agrees to give the State

written notice within five (5) business days of filing for applicable regulatory approval if the status or viability of this Contract will be affected by such merger or change.

- A.25. Transition of Services Upon Termination. Upon the natural expiration of this Contract or in the event of its termination for any reason, the Contractor shall transfer in accordance with the State's instructions all cash, records and other property of the State to whomever the State may designate in writing to the Contractor. The Contractor agrees to cooperate with the State, and any subsequent contractor selected by the State to perform the services hereunder, in the transition and conversion of such services. The Contractor shall remain liable to the State under this Contract for any acts or omissions occurring on or prior to the date on which all property of the State and all services hereunder have been successfully transferred or converted in accordance with this Section.
- A.26. Warranty. Contractor represents and warrants that the term of the warranty ("Warranty Period") shall be the greater of the Term of this Contract or any other warranty general offered by Contractor, its suppliers, or manufacturers to customers of its goods or services. The goods or services provided under this Contract shall conform to the terms and conditions of this Contract throughout the Warranty Period. Any nonconformance of the goods or services to the terms and conditions of this Contract shall constitute a "Defect" and shall be considered "Defective." If Contractor receives notice of a Defect during the Warranty Period, then Contractor shall correct the Defect, at no additional charge.

Contractor represents and warrants that the State is authorized to possess and use all equipment, materials, software, and deliverables provided under this Contract.

Contractor represents and warrants that all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, and in conformity with standards generally accepted in Contractor's industry.

If Contractor fails to provide the goods or services as warranted, then Contractor will re-provide the goods or services at no additional charge. If Contractor is unable or unwilling to re-provide the goods or services as warranted, then the State shall be entitled to recover the fees paid to Contractor for the Defective goods or services. Any exercise of the State's rights under this Section shall not prejudice the State's rights to seek any other remedies available under this Contract or applicable law.

- A.27. Inspection and Acceptance. The State shall have the right to inspect all goods or services provided by Contractor under this Contract. If, upon inspection, the State determines that the goods or services are Defective, the State shall notify Contractor, and Contractor shall re-deliver the goods or provide the services at no additional cost to the State. If after a period of thirty (30) days following delivery of goods or performance of services the State does not provide a notice of any Defects, the goods or services shall be deemed to have been accepted by the State.

B. TERM OF CONTRACT:

This Contract shall be effective on **September** 15, 2017 ("Effective Date") and extend for a period of sixty (60) months after the Effective Date ("Term"). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed [WRITTEN DOLLAR AMOUNT (\$NUMBER)] ("Maximum Liability"). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.

- C.2. Compensation Firm. The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Contractor.
- C.3. Payment Methodology. The Contractor shall be compensated based on the payment methodology for goods or services authorized by the State in a total amount as set forth in Section C.1.
- The Contractor's compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A.
 - The Contractor shall be compensated based upon the following payment methodology, less the amount of earnings credited to the Settlement Account pursuant to Section A.4.b:

Goods or Services Description	Amount (per compensable increment)				
	September 15, 2017 – September 14, 2018	September 15, 2018 – September 14, 2019	September 15, 2019 – September 14, 2020	September 15, 2020 – September 14, 2021	September 15, 2021 – September 14, 2022
1. Account Services as described in Sections A.4, A.8.b, and A.10.	↓	↓	↓	↓	↓
(i) Monthly Account Maintenance	\$(NUMBER) per month	\$(NUMBER) per month	\$(NUMBER) per month	\$(NUMBER) per month	\$(NUMBER) per month
2. Wire Transfer Services as described in Section A.5.	↓	↓	↓	↓	↓
(i) Outgoing Domestic Wire	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each
(ii) Incoming Domestic Wire	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each
(iii) Outgoing International Wire	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each
(iv) Incoming International Wire	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each
(v) Internal Bank Transfers	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each	\$(NUMBER) each

Goods or Services Description	Amount (per compensable increment)				
3. Automated Clearing House (ACH) Services as described in Section A.6.	↓	↓	↓	↓	↓
(i) ACH Receipt Entries	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each
(ii) ACH Originations (excludes Same Day ACH originations)	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each
(iii) Notification of Change (NOC)/Returns	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each
(iv) Manual Receipt Returns	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each
(v) Origination Reversals	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each
(vi) Same Day Settlement for ACH Originations	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each
(vi) Expanded ACH Processing Services	\$[NUMBER] per file	\$[NUMBER] per file	\$[NUMBER] per file	\$[NUMBER] per file	\$[NUMBER] per file
4. Image Cash Letter (ICL) Check Deposit Services as described in Section A.8	↓	↓	↓	↓	↓
(i) ICL Check Deposit (includes both front and back of image)	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each
(ii) ICL Return Deposit Item on Daily Return Files	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each	\$[NUMBER] each
5. Custodial Services as described in Section A.9	↓	↓	↓	↓	↓

Goods or Services Description	Amount (per compensable increment)				
(i) DTC Items Percentage amount that will be multiplied by the average daily balance of DTC items held in custody during the month for which the compensation relates, divided by 360 days, multiplied by the actual number of days in the respective month	[NUMBER]%	[NUMBER]%	[NUMBER]%	[NUMBER]%	[NUMBER]%
(ii) Book Entry Securities Percentage amount that will be multiplied by the average daily balance of Book Entry items held in custody during the month for which the compensation relates, divided by 360 days, multiplied by the actual number of days in the respective month	[NUMBER]%	[NUMBER]%	[NUMBER]%	[NUMBER]%	[NUMBER]%
6. Warrant & Check Processing Expanded Services as described in Section A.7.b	↓	↓	↓	↓	↓
(i) Expanded Warrant and Check Processing Services	N/A	\$[NUMBER] per item cleared	\$[NUMBER] per item cleared	\$[NUMBER] per item cleared	\$[NUMBER] per item cleared
7. Optional Services	↓	↓	↓	↓	↓
(i) Optional Gold and Other Precious Metal Storage Services as described in Section A.18	\$[NUMBER] per month	\$[NUMBER] per month	\$[NUMBER] per month	\$[NUMBER] per month	\$[NUMBER] per month

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel time, travel expenses, meals, or lodging.

C.5. Invoice Requirements. The Contractor shall invoice the State only for goods delivered and accepted by the State or services satisfactorily provided at the amounts stipulated in Section C.3., above. Contractor shall submit invoices and necessary supporting documentation, no more frequently than once a month, and no later than thirty (30) days after goods or services have been provided to the following address (NOTE: account analysis statements may be substituted if they contain the required information described in Section C.5.a below):

Accounts Payable Section

Division of Administrative Services
Tennessee Treasury Department
14th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, Tennessee 37243

- a. Each invoice, on Contractor's letterhead, shall clearly and accurately detail all of the following information (calculations must be extended and totaled correctly):
 - (1) Invoice number (assigned by the Contractor);
 - (2) Invoice date;
 - (3) Contract number (assigned by the State);
 - (4) Customer account name: Tennessee Treasury Department, Division of Cash Management;
 - (5) Customer account number (assigned by the Contractor to the above-referenced Customer);
 - (6) Contractor name;
 - (7) Contractor Tennessee Edison registration ID number;
 - (8) Contractor contact for invoice questions (name, phone, or email);
 - (9) Contractor remittance address;
 - (10) Description of delivered goods or services provided and invoiced, including identifying information as applicable;
 - (11) Number of delivered or completed units, increments, hours, or days as applicable, of each good or service invoiced;
 - (12) Applicable payment methodology (as stipulated in Section C.3.) of each good or service invoiced;
 - (13) Amount due for each compensable unit of good or service; and
 - (14) Total amount due for the invoice period.
 - b. Contractor's invoices shall:
 - (1) Only include charges for goods delivered or services provided as described in Section A and in accordance with payment terms and conditions set forth in Section C;
 - (2) Only be submitted for goods delivered or services completed and shall not include any charge for future goods to be delivered or services to be performed;
 - (3) Not include Contractor's taxes, which includes without limitation Contractor's sales and use tax, excise taxes, franchise taxes, real or personal property taxes, or income taxes; and
 - (4) Include shipping or delivery charges only as authorized in this Contract.
 - c. The timeframe for payment (or any discounts) begins only when the State is in receipt of an invoice that meets the minimum requirements of this Section C.5.
- C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or other matter. A payment by the State shall not be construed as acceptance of goods delivered, any part of the services provided, or as approval of any amount invoiced.
- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided.
- C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee, any amounts that are or shall become due and payable to the State of Tennessee by the Contractor.

C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following, properly completed documentation.

- a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
- b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

D. MANDATORY TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is duly approved by the Parties and all appropriate State officials in accordance with applicable Tennessee laws and regulations. Depending upon the specifics of this Contract, this may include approvals by the Commissioner of Finance and Administration, the Commissioner of Human Resources, the Comptroller of the Treasury, and the Chief Procurement Officer. Approvals shall be evidenced by a signature or electronic approval.
- D.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

The State:

Tim McClure, Assistant Chief Investment Officer/Director of Cash and Administration
Tennessee Treasury Department
13th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, Tennessee 37243-0208
tim.mcclure@tn.gov
Telephone # (615) 532-1166

The Contractor:

[CONTRACTOR CONTACT NAME & TITLE]
[CONTRACTOR NAME]
[ADDRESS]
[EMAIL ADDRESS]
Telephone # [NUMBER]
FAX # [NUMBER]

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

- D.3. Modification and Amendment. This Contract may be modified only by a written amendment signed by all Parties and approved by all applicable State officials.

- D.4. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.
- D.5. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.
- D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition") the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.
- D.7. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract.
- D.8. Conflicts of Interest. The Contractor warrants that no part of the Contractor's compensation shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed under this Contract.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six (6) months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six (6) months has been, an employee of the State of Tennessee.

- D.9. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

- D.10. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment 2, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the Term, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work under this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work under this Contract. Attestations obtained from subcontractors shall be maintained by the Contractor and made available to State officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
- D.11. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.12. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.13. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.14. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.

- D.15. Independent Contractor. The Parties shall not act as employees, partners, joint venturers, or associates of one another. The Parties are independent contracting entities. Nothing in this Contract shall be construed to create an employer/employee relationship or to allow either Party to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one Party are not employees or agents of the other Party.
- D.16. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.
- D.17. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
- D.18. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death.
- D.19. Insurance. Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified below. The COI shall be provided ten (10) business days prior to the Effective Date and again upon renewal or replacement of coverages required by this Contract. If insurance expires during the Term, the State must receive a new COI at least thirty (30) calendar days prior to the insurance's expiration date. If the Contractor loses insurance coverage, does not renew coverage, or for any reason becomes uninsured during the Term, the Contractor shall notify the State immediately.

The COI shall be on a form approved by the Tennessee Department of Commerce and Insurance ("TDCI") and signed by an authorized representative of the insurer. The COI shall list each insurer's national association of insurance commissioners (also known as NAIC) number and list the State of Tennessee, Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 in the certificate holder section. At any time, the State may require the Contractor to provide a valid COI detailing coverage description; insurance company; policy number; exceptions; exclusions; policy effective date; policy expiration date; limits of liability; and the name and address of insured. The Contractor's failure to maintain or submit evidence of insurance coverage is considered a material breach of this Contract.

If the Contractor desires to self-insure, then a COI will not be required to prove coverage. In place of the COI, the Contractor must provide a certificate of self-insurance or a letter on the Contractor's letterhead detailing its coverage, liability policy amounts, and proof of funds to reasonably cover such expenses. Compliance with Tenn. Code Ann. § 50-6-405 and the rules of the TDCI is required for the Contractor to self-insure workers' compensation.

All insurance companies must be: (a) acceptable to the State; (b) authorized by the TDCI to transact business in the State of Tennessee; and (c) rated A- VII or better by A. M. Best. The Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that the subcontractors are included under the Contractor's policy.

The Contractor agrees to name the State as an additional insured on any insurance policies with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) ("Professional Liability") insurance. Also, all policies shall contain an endorsement for a waiver of subrogation in favor of the State.

The deductible and any premiums are the Contractor's sole responsibility. Any deductible over fifty thousand dollars (\$50,000) must be approved by the State. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

All coverage required shall be on a primary basis and noncontributory with any other insurance coverage or self-insurance carried by the State. The State reserves the right to amend or require additional endorsements, types of coverage, and higher or lower limits of coverage depending on the nature of the work. Purchases or contracts involving any hazardous activity or equipment, tenant, concessionaire and lease agreements, alcohol sales, cyber-liability risks, environmental risks, special motorized equipment, or property may require customized insurance requirements (e.g. umbrella liability insurance) in addition to the general requirements listed below.

The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.

a. Commercial General Liability Insurance

- 1) The Contractor shall maintain commercial general liability insurance, which shall be written on an Insurance Services Office, Inc. (also known as ISO) occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises/operations, independent contractors, contractual liability, completed operations/products, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).
- 2) The Contractor shall maintain bodily injury/property damage with a combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate for bodily injury and property damage, including products and completed operations coverage with an aggregate limit of at least two million dollars (\$2,000,000).

b. Workers' Compensation and Employer Liability Insurance

- 1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
 - i. Workers' compensation and employer liability insurance in the amounts required by appropriate state statutes.

2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:

- i. The Contractor employs fewer than five (5) employees;
- ii. The Contractor is a sole proprietor;
- iii. The Contractor is in the construction business or trades with no employees;
- iv. The Contractor is in the coal mining industry with no employees;
- v. The Contractor is a state or local government; or
- vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

c. Professional Liability Insurance

- i. Professional liability insurance shall be written on an occurrence basis. This coverage may be written on a claims-made basis but must include an extended reporting period or "tail coverage" of at least two (2) years after the Term;
- ii. Any professional liability insurance policy shall have a limit not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) in the aggregate; and
- iii. If the Contract involves the provision of services by medical professionals, a policy limit not less than two million (\$2,000,000) per claim and three million dollars (\$3,000,000) in the aggregate for medical malpractice insurance.

d. Technology Errors and Omissions and Cyber Liability Insurance. The Contractor shall maintain technology errors and omissions and cyber liability insurance in an amount not less than \$1,000,000 per claim and annual aggregate of \$1,000,000. This insurance shall cover all acts, errors, omissions, negligence, infringement of intellectual property (except patent and trade secret); network security and privacy risks, including but not limited to, unauthorized access, failure of security, breach of privacy perils, wrongful disclosure, collection, or other negligence in the handling of confidential information, privacy perils, and including coverage for related regulatory defense and penalties; data breach, expenses, and payable whether incurred by the Contractor including, but not limited, to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services in the performance of services for the State or on behalf of the State hereunder. The policy shall contain an affirmative coverage grant for contingent bodily injury and property damage emanating from the failure of the technology services or an error or omission in the content/information provided. This coverage shall be written on a claims-made basis, but shall include an extended reporting period or tail coverage of at least two years after the Contract Term.

D.20. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating

to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

D.21. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules"). The obligations set forth in this Section shall survive the termination of this Contract.

- a. Contractor warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Contract.
- b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of the Contract so that both parties will be in compliance with the Privacy Rules.
- c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and Contractor in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Contract is NOT "protected health information" as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.
- d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.

D.22. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, *et seq.*, the law governing the Tennessee Consolidated Retirement System ("TCRS"), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, *et seq.*, accepts State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the Term.

D.23. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.

D.24. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded, disqualified, or presently fall under any of the prohibitions of sections a-d.

- D.25. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.
- D.26. State and Federal Compliance. The Contractor shall comply with all applicable state and federal laws and regulations in the performance of this Contract.
- D.27. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 407.

- D.28. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
- D.29. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
- D.30. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- D.31. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:
- a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
 - b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below), which includes Attachments 1 - 4;
 - c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
 - e. any technical specifications provided to proposers during the procurement process to award this Contract; and
 - f. the Contractor's response seeking this Contract.
- D.32. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101 et.seq., addressing contracting with persons as defined at T.C.A. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, the special terms and conditions shall be subordinate to the Contract's other terms and conditions.
- E.2. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.

The obligations set forth in this Section shall survive the termination of this Contract.

- E.3. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's Response to RFP-30901-35618 (Attachment 6.2, Section B.15) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a monthly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and Tennessee service-disabled veterans. Such reports shall be provided to the State of Tennessee Governor's Office of Diversity Business Enterprise in the TN Diversity Software available online at: <https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&XID=9810>.

- E.4. Partial Takeover of Contract. The State may, at its convenience and without cause, exercise a partial takeover of any service that the Contractor is obligated to perform under this Contract, including any service which is the subject of a subcontract between Contractor and a third party (a "Partial Takeover"). A Partial Takeover of this Contract by the State shall not be deemed a breach of contract. The Contractor shall be given at least thirty (30) days prior written notice of a Partial Takeover. The notice shall specify the areas of service the State will assume and the date the State will be assuming. The State's exercise of a Partial Takeover shall not alter the Contractor's other duties and responsibilities under this Contract. The State reserves the right to withhold from the Contractor any amounts the Contractor would have been paid but for the State's exercise of a Partial Takeover. The amounts shall be withheld effective as of the date the State exercises its right to a Partial Takeover. The State's exercise of its right to a Partial Takeover of this Contract shall not entitle the Contractor to any actual, general, special, incidental, consequential, or any other damages irrespective of any description or amount.
- E.5. Personally Identifiable Information. While performing its obligations under this Contract, Contractor may have access to Personally Identifiable Information held by the State ("PII"). For the purposes of this Contract, "PII" includes "Nonpublic Personal Information" as that term is defined in Title V of the Gramm-Leach-Bliley Act of 1999 or any successor federal statute, and the rules and regulations thereunder, all as may be amended or supplemented from time to time ("GLBA") and personally identifiable information and other data protected under any other applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information ("Privacy Laws"). Contractor agrees it shall not do or omit to do anything which would cause the State to be in breach of any Privacy Laws. Contractor shall, and shall cause its employees, agents and representatives to: (i) keep PII confidential and may use and disclose PII only as necessary to carry out those specific aspects of the purpose for which the PII was disclosed to Contractor and in accordance with this Contract, GLBA and Privacy Laws; and (ii) implement and maintain appropriate technical and organizational measures regarding information security to: (A) ensure the security and confidentiality of PII; (B) protect against any threats or hazards to the security or integrity of PII; and (C) prevent unauthorized access to or use of PII. Contractor shall immediately notify State: (1) of any disclosure or use of any PII by Contractor or any of its employees, agents and representatives in breach of this Contract; and (2) of any disclosure of any PII to Contractor or its employees, agents and representatives where the purpose of such disclosure is not known to Contractor or its employees, agents and representatives. The State reserves the right to review Contractor's policies and procedures used to maintain the security and confidentiality of PII and Contractor shall, and cause its employees, agents and representatives to, comply with all reasonable requests or directions from the State to enable the State to verify and/or procure that Contractor is in full compliance with its obligations under this Contract in relation to PII. Upon termination or expiration of the Contract or at the State's direction at any time in its sole discretion, whichever is earlier, Contractor shall immediately return to the State any and all PII which it has received under this Contract and shall destroy all records of such PII.

The Contractor shall report to the State any instances of unauthorized access to or potential disclosure of PII in the custody or control of Contractor ("Unauthorized Disclosure") that come to the Contractor's attention. Any such report shall be made by the Contractor within twenty-four (24) hours after the Unauthorized Disclosure has come to the attention of the Contractor. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure. The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized Disclosure, including individual letters and public notice. The remedies set forth in this Section are not exclusive and

are in addition to any claims or remedies available to this State under this Contract or otherwise available at law.

- E.6. Applicable Gifts and Solicitations Policy. The Contractor shall not offer to give, or give, any gift to any employee of the State or to any member of a Board, Commission or Committee administratively attached to the State that would violate the State's Gifts and Solicitations Policy, included as Attachment 3 to this Contract.

IN WITNESS WHEREOF,

[CONTRACTOR LEGAL ENTITY NAME]:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF TREASURY:

DAVID H. LILLARD, JR., STATE TREASURER

DATE

CONTRACT ATTACHMENT 1

Pursuant to Section A.20 of the Contract between the State of Tennessee, Treasury Department, hereinafter referred to as the "State", and [CONTRACTOR LEGAL ENTITY NAME], hereinafter referred to as the "Contractor", each party has outlined below the individuals from whom the other party is authorized to accept any notices, requests, demands, or other advice which may be given under the Contract. This Contract Attachment 1 shall be valid until revoked or amended by further written notice. The parties shall only be entitled to rely on notices, requests, demands, or other advice given by such individuals.

AUTHORIZED INDIVIDUALS OF THE STATE

<u>Authorized Individual</u>	<u>Position</u>
Rick DuBray	Deputy Treasurer
Tim McClure	Assistant CIO/Director of Cash and Administration
Brian Derrick	Director of Accounting
Kevin Bradley	Deputy Director of Accounting
Michael Brakebill	Chief Investment Officer

The individuals listed above, auditors employed by the State of Tennessee, and the individuals designated on Schedule 1 of the State Depository Contract between the Treasurer of the State of Tennessee and the Contractor are authorized to make inquiries concerning the Contract. Inquiries include requests for Account balances, inquiries concerning Account transactions, and requests for information concerning statements and confirmations. Such requests may be written or verbal.

Date Effective

David H. Lillard, Jr., State Treasurer

AUTHORIZED INDIVIDUALS OF CONTRACTOR

<u>Authorized Individual</u>	<u>Position</u>
------------------------------	-----------------

Date Effective

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
EDISON VENDOR IDENTIFICATION NUMBER:	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. Attach evidence documenting the individual's authority to contractually bind the Contractor, unless the signatory is the Contractor's chief executive or president.

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

TREASURY DEPARTMENT'S GIFTS AND SOLICITATIONS POLICY

No employee or any member of a Board, Commission or Committee administratively attached to the Department shall solicit, accept or agree to accept, directly or indirectly, on behalf themselves or their immediate family, any gift in violation of state law including, but not limited to, any gratuity, service, favor, entertainment, lodging, transportation, loan, loan guarantee rebate, money, any promise, obligation or contract for future awards or compensation or any other thing of monetary value, from any **individual** or **entity** that:

- Has, or is seeking to obtain, contractual or other business or financial relations with the Treasury Department or the Tennessee Consolidated Retirement System;
- Conducts operations or activities that are regulated by the Treasury Department;
- May bid on future procurement from the Department or a Board, Commission, or Committee administratively attached to the Department based on the employee's reasonable belief that the person or entity intends to submit a bid; or
- Has an interest that may be substantially affected by the performance or nonperformance of the employee's official duties.

Generally, gifts from a lobbyist or an employer of a lobbyist are prohibited; however, the following are exceptions to the general gift prohibition:

- A gift given for nonbusiness purpose and motivated by a close personal friendship and not by the position of the employee, and specifically authorized and defined by the Ethics Commission;
- Informational materials in the form of books, articles, periodicals, other written materials, audiotapes, videotapes, or other forms of communication;
- Sample merchandise, promotional items, and appreciation tokens if they are routinely given to customers, suppliers or potential customers or suppliers in the ordinary course of business;
- Unsolicited tokens or awards of appreciation, honorary degrees, or bona fide awards in recognition of public service in the form of a plaque, trophy, desk item, wall memento, and similar items, provided that any such item shall not be in a form which can readily be converted to cash;
- Benefits resulting from business, employment, or other outside activities of the employee or the employee's immediate family, if such benefits are customarily provided to others in similar circumstances and are not enhanced due to the status of the employee;
- Opportunities and benefits made available to all members of an appropriate class of the general public, including but not limited to, discounts afforded to the general public or prizes and awards given out in public contests;
- Expenses of out-of-state travel, if such expenses are paid for or reimbursed by a governmental entity or an established and recognized organization of elected or appointed state government officials;
- Food, refreshments, amenities, goody bags, entertainment, or beverages provided as part of a meal, reception or similar event including tradeshow and professional meetings; and

- Food, refreshments, meals, foodstuffs, entertainment, beverages that are provided in connection with the following: an event where the employee is a speaker or part of a panel discussion at a scheduled meeting of an established or recognized membership organization which regularly meets at in-state events in which invitations are extended to legislative or executive branch employees. The value of the items shall not exceed fifty dollars (\$50.00) per person, per day.*

* The amount may be increased to reflect the percentage of change in the average consumer price index. The Ethics Commission publishes the increased amount on its website. For other gifts offered which are not included in the exceptions above, the employee must obtain the written approval of the Assistant Treasurer for Legal, Compliance and Audit.

RFP ATTACHMENTS 6.7, 6.8, 6.9, 6.10, 6.11, 6.12 & 6.13

The entire RFP solicitation and RFP Attachment 6.7, 6.8, 6.9, 6.10, 6.11, 6.12, & 6.13 are published on the internet at the below location:

<http://tn.gov/generalservices/article/request-for-proposals-rfp-opportunities>

State of Tennessee
RFP # 30901-35618
Attachment 6.14

FILE FORMATS: ACME INPUT AND OUTPUT WIRE TRANSFER FILES

There are three interface file types between the state's ACME system and its vendor bank. Each file will likely be transmitted and received on multiple occasions per business day.

The first file, tennwire.dat also known as the Outgoing Wire Batch file, is initiated by ACME and transmitted to the vendor bank. It contains the wires that the state is generating. Each transmission of the file constitutes a batch of transactions. The file is a fixed-width text file consisting of 470 characters per line.

The following is a breakdown of the fields in tennwire.dat:

Field/Description	Start	Length	Format/Comment/Value
Transaction Amount	1	11	Number, 11(2) Example: \$1000.00 => 100000
Currency Indicator	12	3	'USD'
Settle Date	15	8	YYYYMMDD
Debit Account (Treasury's Acct)	23	21	Number
Destination Bank Name	44	35	Character
Destination Bank City	79	35	Character
Destination Wire Routing Nbr	114	9	Number
Final Destination Account Name	123	35	Character
Final Destination Account Number	158	20	Number
Correspondent Bank Name	178	35	Character
Correspondent Bank City	213	35	Character
Correspondent Wire Routing Nbr	248	9	Number
Wire Text, Line 1	257	65	Character
Wire Text, Line 2	322	65	Character
Filler Space	387	45	Character (Spaces)
Batch Sequence Nbr	432	2	Number, (1 through 26) Examples: 01, 02, ..., 26
ACME Ticket Nbr	434	14	Number
Batch ID	448	7	Character, YYMMDD['A', 'B', ..., 'Z'] Examples: 031229A, 031229B, 031229C
System Date	455	8	YYYYMMDD
PIN# for Vendor's System	463	5	Number
Batch Sequence Nbr (Repeated)	468	2	Number, (1 through 26)

State of Tennessee
RFP # 30901-35618
Attachment 6.14
(Continued)

The second interface file type, known as the Confirmation file, contains the delivery notifications, or intraday confirmations, of the wires created by tennwire.dat. These files are created by the vendor bank and transmitted to a state server. The format for the filename is tennout.MMDD### where ### is the file sequence number for that day. For example, the first file sent on December 29th would be named tennout.1229001, and the second file would be tennout.1229002, etc.

The third interface file type, known as the Activity file, contains all activity on the State's account for the given business day. This file is updated periodically throughout the day and transmitted to a state server. The format for the filename is activity.mmddyyyy### where ### is the file sequence number for that day. For example, the first file sent on December 29th would be named activity.1229001, and the second file would be activity.1229002, etc.

The ACME system will poll the state server every 15 minutes to obtain any new Confirmation or Activity files.

The formats for both the Confirmation and Activity files are proprietary to ACI Worldwide (Formerly known as IntraNet, Inc.) and their Money Transfer System and Inter-System Interface (ISI) Specifications, v.4.4 (April, 1999). If the proposer requires the entire file layout it should be obtained from ACI worldwide.

In general, the files created under these specifications have multiple file types that contain Header, Trailer and Control records as well as both text and data. The following is an excerpt of the Delivery Notification and Intraday Confirmation File Section 9 of the Strategic Solutions and Payments Processing manual, which the Confirmation and Activity files utilize.

Delivery Notification or Intraday Confirmation Header Record 1

Field Name	Position	Size	Description
Record_Type	1-4	PIC x (4)	Contains: *CDT if an intraday credit confirmation *DBT if an intraday debit confirmation *DLV if a delivery notification *REJ if a cancel notification
Batch_Sequence	5-8	PIC 9 (4)	Not required in interactive mode, but if used must match the value in the ISI item trailer record.
Item_Sequence	9-14	PIC 9 (6)	In interactive mode, reset to 1 daily or incremented continually and rolled over to 0 when necessary.
System_Ref	15-30	PIC x (16)	Field from the original *FTR record
Routing	31-33	PIC x (3)	Credit advice type
Funds_Type	34	PIC x (1)	Funds category (S=Same Day; N=Next Day)
TRN_Ref	35-46	PIC 9 (12)	YYMMDDNNNNNN; IntraNet transaction reference number.
IDTYPE	47	PIC x (1)	D (DDA), G (G/L), or V (savings)
ID	48-71	PIC x (24)	Debit account (credit account if *CDT)
Dbt_Cur	72-74	PICx (3)	ISO currency code for the debit currency
CDT_Cur	75-77	PIC x (3)	ISO currency code for the credit currency
Cnf_Src_Code	78-80	PIC x (3)	Source Code

The file contains 5 additional header records, 1 freeform text record, 1 trailer record, and an optional trailer record for *CDT and *DBT types.

**State of Tennessee
RFP # 30901-35618
Attachment 6.15**

IMAGE CASH LETTER (ICL) FORMAT

The State currently uses the ANSI DSTU X9.37 – 2003 ICL file standard, with some exceptions, as detailed on pages 87-103. This format is utilized by both the Child Support/SMI ICL deposit application and the Edison System ICL deposit application. The State requires that the Contractor accept the State's ICL deposit files in accordance with this format.

Image Cash Letter X9.37 File Specification Requirements Document For State of Tennessee

Image Cash Letter

File Specification Requirements Guide

Image Cash Letter (ICL) is an image processing service which allows you to create image deposit files with your own financial systems and transmit the items to your bank for deposit processing and clearing. All deposit files must be created in the industry standard ANSI DSTU X9.37 – 2003 format. The steps in processing deposit files via ICL are:

- 1 An image deposit file is created in the industry standard X9 format using the specifications identified in this Guide
- 2 The image deposit file is transmitted electronically to your bank.
- 3 The bank processes the deposit, bypassing traditional encoding
- 4 The bank sends an email confirmation that the file has been received for processing. An email notification is also sent if there is an issue with the image deposit file – e.g. the file is a duplicate of a previously transmitted file

This *File Specification Requirements Guide* is intended for systems analysts and systems support personnel and will provide the necessary information for formatting your company's image files in the required X9 file format. All image deposit files submitted for deposit processing through the bank's Image Cash Letter service must be transmitted in the X9 standard format. This input file format has been established by the American National Standard for Financial Services and the Accredited Standards Committee X9 for the electronic exchange of check and image data.

Table of Contents

Format Summary	89
Images of Credit Items	90
File Naming Convention	90
Record Order - Sample Record Layout	90
Field Type Definitions.....	91
File Header Record (Type 01).....	93
Cash Letter Header Record (Type 10).....	94
Bundle Header Record (Type 20)	95
Check Detail Record (Type 25).....	96
Image View Detail Record (Type 50)	97
Image View Data Record (Type 52).....	98
Credit/Reconciliation Record (Type 61 or Type 25).....	99
Bundle Control Record (Type 70)	101
Cash Letter Control Record (Type 90)	102
File Control Record (Type 99).....	103

Format Summary

Image Cash Letter (ICL) files transmitted to the bank should follow **ANSI DSTU X9.37 – 2003** standards with some exceptions. These exceptions are noted in the record layouts that follow this summary.

- An image cash letter file includes fixed and variable length records. The following Record types are required in your Image Cash Letter files:
 - a. One File Header Record (Type 01) per file
 - b. One or more Cash Letter Record (Type 10) per file
 - c. One or more Bundle Header Record (Type 20)
 - d. One Credit/Reconciliation Record (Type 61 or Type 25) per Bundle - optional
 - e. One or more Check Detail Records (Type 25) per Bundle
 - f. Two Image View Detail Records (Type 50) per item (Type 25 and Type 61 Records)
 - g. Two Image View Data Records (Type 52) per item (Type 25 and Type 61 Records)
 - h. One Bundle Control Record (Type 70) for each Bundle Header Record in the file
 - i. One or more Cash Letter Control Record (Type 90) per file
 - j. One File Control Record (Type 99) per file
 - k. Check Detail Addendum Records 26, 27, and 28 should not be included in your files.
 - l. Record types which are not specifically identified by this ICL Specification Document are considered superfluous records and shall be ignored.
- Incoming files may contain a Type 61 Record representing the Deposit Slip/Credit within each Type 20/70 Record group. Only one Type 61 Record (one credit) may be contained within a Type 20/70 Bundle group. *Note: The exception to this is when the amount of a Bundle is more than 10 digits.* Each Type 61 Record should contain a front and back black and white TIFF 6.0 image that represents a credit item.
- All items (Type 25 and Type 61 Records) within the X9 file should include front and back black and white single strip TIFF 6.0 CCITT Group 4 compression images with a minimum resolution of 200 DPI.
- A file should consist of no more than 15,000 items (including Type 61 Records). This means that the total number of Type 25 Records within a file should not exceed 15,000 (less the number of Type 61 Records).
- No individual Bundle should contain more than 5,000 items. This means that within a Type 20/70 Record group, there should be no more than 4,999 Type 25 Records and one Type 61 Record.
- The file Character Code must be 8 bit EBCDIC except for BINARY image data.
- Image Quality Analysis (IQA) must be performed on all images as defined in the Federal Reserve Adoption of DSTU X9.37 – 2003.

Images of Credit Items

All electronic deposit tickets should contain the Company name and the bank Depository Account Number, as well as the “ICL” designation. It is recommended that the dollar amount of the deposit be included on the deposit ticket image.

File Naming Convention

Image cash letter files transmitted to the bank should follow a standard naming convention. File names must not exceed 24 characters if transmitted via Connect:Mailbox.

File Name Format: <Tax ID>_<Date>_<Time>_<Sequence Number>.DEP-or-.PGP (if PGP is utilized)

<Tax ID> = 9 digit tax ID number. Example: 123456789

<Date> = Formatted in MMDD. Example: 0827

<Time> = HHMM in 24 hour format. Example: 1510

<Sequence Number> = 2 digit sequential number starting at 1 each day and increasing by one for every file you send.

Sample: 1234567890827151001.dep

Record Order - Sample Record Layout

The following table shows a sample X9.37 file layout which can be submitted through the bank's processes.

01 – File Header Record

10 – Cash Letter Header Record

20 – Bundle Header Record

61 or 25 – Credit/Reconciliation Record - optional

50 – Image View Detail Record (front of item), if record exists

52 – Image View Data Record (front of item), if record exists

50 – Image View Detail Record (back of item), if record exists

52 – Image View Data Record (back of item), if record exists

25 – Check Detail Record (Repeat group of 25, 50, 52 as needed)

50 – Image View Detail Record (front of item)

52 – Image View Data Record (front of item)

50 – Image View Detail Record (back of item)

52 – Image View Data Record (back of item)

70 – Bundle Control Record

20 – Bundle Header Record

61 or 25 – Credit/Reconciliation Record

50 – Image View Detail Record (front of item)

52 – Image View Data Record (front of item)

50 – Image View Detail Record (back of item)

52 – Image View Data Record (back of item)

25 – Check Detail Record

50 – Image View Detail Record (front of item)

52 – Image View Data Record (front of item)

50 – Image View Detail Record (back of item)

52 – Image View Data Record (back of item)
 25 – Check Detail Record
 50 – Image View Detail Record (front of item)
 52 – Image View Data Record (front of item)
 50 – Image View Detail Record (back of item)
 52 – Image View Data Record (back of item)
 70 – Bundle Control Record
 90 – Cash Letter Control Record
 99 – File Control Record

Field Type Definitions

In the following pages, the USAGE column indicates if fields are mandatory (M) or conditional (C).

The MANDATORY VALUES column is used to represent data values which must be present for this file to be accepted by the bank process.

The TYPE column indicates the data type of the Field. The following types are noted:

AB All Blank

The All Blank field data type indicates that the field is filled with blank (B) characters.

A Alphabetic

Alphabetic fields are limited to the alphabetic characters. The field data shall be left justified and blank filled.

AN Alphanumeric

Alphanumeric fields are limited to the alphabetic characters (A) and the numeric characters (N). The field data shall be left justified and blank filled.

ANC Alphanumeric/Comma Delimited

Alphanumeric/Comma delimited fields comprise alphabetic (A), numeric (N), minus ("-"), and plus "+" characters separated by comma (",") characters. The field data shall be left justified and blank filled.

ANS Alphanumeric/Special

Alphanumeric/Special fields are limited to the alphabetic (A), numeric (N), and special printable (S) characters. Special characters are any printable characters with an ASCII value greater than '1F' or EBCDIC hexadecimal value greater than '3F' that are neither alphabetic, nor numeric, nor blank. Occurrences of values EBCDIC '00' – '3F' and ASCII '00' – '1F' are not valid. The field data shall be left justified and blank filled.

B Binary

Binary fields contain data that is composed of a sequence of bytes where each byte ranges in value from binary 00000000 to 11111111 (8-bit encoding). The syntax, semantics, and number of bytes in the string are specified in the standard for each occurrence of the binary data type. Justification and character filling are not applicable.

N Numeric

Numeric fields are limited to the numeric characters (N) zero (0) through nine (9). The field data shall be right justified and zero filled. Numeric fields are only used for mandatory numeric fields.

NB Numeric/Blank Fill

Numeric/Blank Fill fields are limited to the numeric characters (N) zero (0) through nine (9) and the blank character (B). Blanks shall not be embedded within the numeric digits. They may be used only to fill out a field when the numeric value length is shorter than the actual field length. The field data shall be left justified and blank filled.

NBD Numeric/Blank Fill/Dash

Numeric/Blank Fill/Dash fields are limited to the numeric (N) zero (0) through nine (9), blank (B), and dash ("-") characters. Blanks shall not be embedded within the numeric digits. This field shall be left justified and blank filled.

NBQ Numeric/Blank Fill/Questionable Data

Numeric/Blank Fill/Questionable Data fields are limited to the numeric (N) zero (0) through nine (9), blank (B), and questionable data (Q) question mark ("?",) characters. Blanks shall not be embedded within the numeric digits. The field data shall be left justified and blank filled.

NBMc Numeric/Blank/MICR Can't Read

Numeric/Blank/MICR Can't Read fields are limited to the numeric (N) zero (0) through nine (9), blank (B), and MICR can't read (Mc) asterisk ("*") characters. No other MICR symbols are allowed. This field shall be right justified and blank filled.

NBMcd Numeric/Blank/MICR Can't Read and Dash

Numeric/Blank/MICR Can't Read and Dash fields are limited to the numeric (N) zero (0) through nine (9), blank (B), MICR can't read (Mc) asterisk ("*"), and MICR dash (Md) ("-") characters. No other MICR symbols are allowed. This field shall be right justified and blank filled.

NBMcdo Numeric/Blank/MICR Can't Read and Dash and On-Us

Numeric/Blank/MICR On-Us fields are limited to the numeric (N) zero (0) through nine (9), blank (B), MICR can't read (Mc) asterisk ("*"), MICR dash (Md) ("-"), and MICR On-Us (Mo) slash ("/") characters. No other MICR symbols are allowed. This field shall be right justified and blank filled.

NBMU Numeric/Blank/MICR Unparsed

Numeric/Blank/MICR Unparsed fields are limited to the numeric (N) zero (0) through nine (9), blank (B), MICR amount (Ma) ("\$"), MICR can't read (Mc) asterisk ("*"), MICR dash (Md) ("-"), MICR On-Us (Mo) slash ("/"), and MICR Routing (Mr) number (pound) ("#") characters. This field shall be right justified and blank filled.

File Header Record (Type 01)

The File Header Record is mandatory and contains fourteen fields. It is the first record of the file.

FIELD	FIELD NAME	USAGE	MANDATORY VALUES	POSITION	SIZE	TYPE
1	Record Type	M	'01'	01 – 02	2	N
2	Standard Level	M	'03' for DSTU X9.37 – 2003	03 – 04	2	N
3	File Type Indicator	M	'P' for Production or 'T' for Test	05 – 05	1	A
4	Immediate Destination Routing Number	M	'#####'	06 – 14	9	N
5	Immediate Origin Routing Number	M	'#####'	15 – 23	9	N
6	File Creation Date	M	YYYYMMDD	24 – 31	8	N
7	File Creation Time	M	HHMM HH = '00' – '23' MM = '00' – '59'	32 – 35	4	N
8	Resend Indicator	M	'N' indicates an Original File	36 – 36	1	A
9	Immediate Destination Name	C	'YOUR BANK NAME'	37 – 54	18	AN
10	Immediate Origin Name	C	'ICL- #####' = 12 Digit Bank Account Number zero filled	55 – 72	18	ANS
11	File ID Modifier	C	Blank	73 – 73	1	AB
12	Country Code	C	Blank	74 – 75	2	AB
13	User Field	C	Blank	76 – 79	4	AB
14	Reserved	M	'1' indicates UCD compliance	80 – 80	1	N

All conditional fields that are not used shall be filled with blanks.

Cash Letter Header Record (Type 10)

The Cash Letter Header Record is mandatory and contains fifteen fields. It always follows a File Header Record (Type 01).

FIELD	FIELD NAME	USAGE	MANDATORY VALUES	POSITION	SIZE	TYPE
1	Record Type	M	'10'	01 – 02	2	N
2	Collection Type Indicator	M	'01' indicates Forward Presentment Note: Field 2 in Type 10 and 20 Records must be identical	03 – 04	2	N
3	Destination Routing Number	M	'#####'	05 – 13	9	N
4	Client Institution Routing Number	M	'#####'	14 – 22	9	N
5	Cash Letter Business Date	M	YYYYMMDD	23 – 30	8	N
6	Cash Letter Creation Date	M	YYYYMMDD	31 – 38	8	N
7	Cash Letter Creation Time	M	HHMM HH = '00' – '23' MM = '00' – '59'	39 – 42	4	N
8	Cash Letter Record Type Indicator	M	'I' indicates the file contains electronic check records and image records	43 – 43	1	A
9	Cash Letter Documentation Type Indicator	C	'G' indicates images included, no paper checks provided	44 – 44	1	A
10	Cash Letter ID	C	Unique code that identifies the Cash Letter if more than one Cash Letter is present in the file	45 – 52	8	ANB
11	Originator Contact Name	C	The name of a person or group at client offices to be contacted in case of problems	53 – 66	14	ANS
12	Originator Contact Phone Number	C	The phone number of the person or group named in Field 11	67 – 76	10	N
13	Work Type	C	Blank	77 – 77	1	AB
14	User Field	C	Blank	78 – 79	2	AB
15	Reserved	M	Blank	80-80	1	AB

Fields that are conditional and are not used shall be filled with blanks.

Bundle Header Record (Type 20)

The Bundle Header Record is mandatory and contains twelve fields. It always follows a Cash Letter Header Record (Type 10) unless the Cash Letter contains multiple Bundles. In the case of multiple Bundles in the Cash Letter, the additional Bundle Header Records shall follow the Bundle Control Records (Type 70).

FIELD	FIELD NAME	USAGE	MANDATORY VALUES	POSITION	SIZE	TYPE
1	Record Type	M	'20'	01 – 02	2	N
2	Collection Type Indicator	M	'01' indicates Forward Presentment Note: Field 2 in Type 10 and 20 Records must be identical	03 – 04	2	N
3	Bundle Destination Routing Number	M	'#####'	05 – 13	9	N
4	Bundle Client Institution Routing Number	M	'#####'	14 – 22	9	N
5	Bundle Business Date	M	YYYYMMDD	23 – 30	8	N
6	Bundle Creation Date	M	YYYYMMDD	31 – 38	8	N
7	Bundle ID	M	A number that uniquely identifies the Bundle within the Cash Letter	39 – 48	10	AN
8	Bundle Sequence Number	C	A number that denotes the relative position of the Bundle in the Cash Letter	49 – 52	4	NB
9	Cycle Number	C	Blank	53 – 54	2	AB
10	Return Location Routing Number	C	Blank	55 – 63	9	AB
11	User Field	C	Blank	64 – 68	5	AB
12	Reserved	M	Blank	69 – 80	12	AB

Conditional fields that are not used shall be filled with blanks.

Check Detail Record (Type 25)

The Check Detail Record is mandatory and contains fifteen fields. One Check Detail Record shall be sent for each deposited check. It shall always follow one of these records: a Credit/Reconciliation Image View Data Record or a Check Detail Image View Data Record (Type 52).

The data in Fields 2 through 6 represent the check MICR line (see DSTU X9.37-2003 for MICR data placement).

FIELD	FIELD NAME	USAGE	MANDATORY VALUES	POSITION	SIZE	TYPE
1	Record Type	M	'25'	01 – 02	2	N
2	Auxiliary On-Us	C	The serial number on a commercial sized check	03 – 17	15	NBMcd
3	External Processing Code	C	Position 44 of the MICR line	18 – 18	1	NBMc
4	Payor Bank Routing Number	M	The payor bank Routing Number	19 – 26	8	NBMc
5	Payor Bank Routing Number Check Digit	M	A digit used with a modular check routine to validate the Routing Number	27 – 27	1	NBMcd
6	On-Us	C	The Payor's account number as well as a check number or transaction code if present, separated by '/' Ex: MICR Field 4/Account/Trans Code or Check Number	28 – 47	20	NBMcd
7	Item Amount	M	The U.S. Dollar value of the check	48 – 57	10	NBMc
8	Client Institution Item Sequence Number	M	A number that uniquely identifies the item in the Cash Letter	58 – 72	15	NB
9	Documentation Type Indicator	C	'G' indicates images included, no paper checks provided	73 – 73	1	AN
10	Electronic Return Acceptance Indicator	C	Blank	74 – 74	1	AB
11	MICR Valid Indicator	C	Blank	75 – 75	1	AB
12	BOFD Indicator	C	Blank	76 – 76	1	AB
13	Check Detail Record Addendum Count	M	'00' indicates no addendum records are included	77 – 78	2	N
14	Correction Indicator	C	Blank	79 – 79	1	AB
15	Archive Type Indicator	M	Blank	80 – 80	1	AB

Conditional fields that are not used shall be filled with blanks.

Image View Detail Record (Type 50)

The Image View Detail Record is mandatory and contains seventeen fields. This record follows its immediately preceding Credit/Reconciliation Record (Type 61 or Type 25), Check Detail Record (Type 25), or Image View Data Record (Type 52). The Image View Detail Record is one of two records (Type 50 and Type 52) that shall be used together to convey a single image view associated with the related Credit/Reconciliation Record (Type 61 or Type 25) or Check Detail Record (Type 25).

FIELD	FIELD NAME	USAGE	MANDATORY VALUES	POSITION	SIZE	TYPE
1	Record Type	M	'50'	01 – 02	2	N
2	Image Indicator	M	'1' indicates image view of actual check is present, '2' indicates IRD	03 – 03	1	N
3	Image Creator Routing Number	M	'#####'	04 – 12	9	N
4	Image Creator Date	M	YYYYMMDD	13 – 20	8	N
5	Image View Format Indicator	M	'00' indicates TIFF 6.0 with extension TIF	21 – 22	2	NB
6	Image View Compression Algorithm Identifier	M	'00' for Group 4 facsimile compression or '1' for JPEG baseline	23 – 24	2	NB
7	Image View Data Size	C	Number of bytes in the related Image View Data Record (Type 52) Image Data (Field 19)	25 – 31	7	N
8	View Side Indicator	M	'0' indicates front image view or '1' indicates rear image view	32 – 32	1	N
9	View Descriptor	M	'00' indicates full view	33 – 34	2	N
10	Digital Signature Indicator	M	'0' indicates digital signature is not present	35 – 35	1	NB
11	Digital Signature Method	C	Blank	36 – 37	2	AB
12	Security Key Size	C	Blank	38 – 42	5	AB
13	Start of Protected Data	C	Blank	43 – 49	7	AB
14	Length of Protected Data	C	Blank	50 - 56	7	AB
15	Image Recreate Indicator	C	Blank	57 - 57	1	AB
16	User Field	C	Blank	58 – 65	8	AB
17	Reserved	C	Blank	66 – 80	15	AB

Conditional fields that are not used shall be filled with blanks.

Image View Data Record (Type 52)

The Image View Data Record is mandatory and contains nineteen fields. This record follows its immediately preceding Image View Detail Record (Type 50). The Image View Data Record is one of two records (Type 50 and Type 52) that shall be used together to convey a single image view associated with the related Credit/Reconciliation Record (Type 61 or Type 25) or Check Detail Record (Type 25).

FIELD	FIELD NAME	USAGE	MANDATORY VALUES	POSITION	SIZE	TYPE
1	Record Type	M	'52'	01 – 02	2	N
2	Institution Routing Number	M	'#####'	03 – 11	9	N
3	Bundle Business Date	M	YYYYMMDD	12 – 19	8	N
4	Cycle Number	C	Blank	20 – 21	2	AB
5	Client Institution Item Sequence Number	M	A number that uniquely identifies the item in the cash letter	22 – 36	15	NB
6	Security Originator Name	C	Blank	37 – 52	16	AB
7	Security Authenticator Name	C	Blank	53 – 68	16	AB
8	Security Key Name	C	Blank	69 – 84	16	AB
9	Clipping Origin	M	'0' indicates clipping information is not present	85 – 85	1	NB
10	Clipping Coordinate h1	C	Blank	86 – 89	4	AB
11	Clipping Coordinate h2	C	Blank	90 – 93	4	AB
12	Clipping Coordinate v1	C	Blank	94 – 97	4	AB
13	Clipping Coordinate v2	C	Blank	98 – 101	4	AB
14	Length of Image Reference Key	M	'0000' indicates image reference key (Field 15) is not present	102 – 105	4	N
15	Image reference Key	C	Omit	106 – (105+X)	Variable (X)	ANS
16	Length of Digital Signature	M	'00000' indicates digital signature is not present	(106+X) – (110+X)	5	NB
17	Digital Signature	C	Omit	(111+X) – (110+X+Y)	Variable (Y)	Binary
18	Length of Image Data	M	Number of bytes in the related Image View Data Record Image Data (Field 19)	(111+X+Y) – (117+X+Y)	7	NB
19	Image Data *	C	The image data field contains the image view and must be single strip TIFF 6.0 format	(118+X+Y) – (117+X+Y+Z)	Variable (Z)	Binary

Fixed length fields that are Conditional and are not used shall be filled with blanks. Variable length fields that are not used (i.e., Size = '0') are omitted.

Credit/Reconciliation Record (Type 61 or Type 25) - Optional

A Credit/Reconciliation Record is mandatory and contains twelve fields if Type 61 or fifteen fields if Type 25. This Record is to be used to represent your deposit ticket and an image should be presented with this Record, just as with a Type 25 Check Detail Record. This Record and Image Views should occur after the Type 20 Bundle Header Record and before the first Type 25 Check Detail Record within a cash letter. This Record can occur multiple times within a file, but should occur only once within a single Bundle – unless the deposit amount is more than 10 digits. If the deposit amount exceeds the 10 character limit of the Item Amount (Field 7), additional Credit/Reconciliation Records (Type 61 or Type 25) can be used. Each Credit/Reconciliation Record should be before the first Type 25 Check Detail Record within a Bundle.

Type 61 Record Layout:

FIELD	FIELD NAME	USAGE	MANDATORY VALUES	POSITION	SIZE	TYPE
1	Record Type	M	'61' or '25'	01 – 02	2	N
2	Record Usage Indicator	C	'5' indicates Credit/Reconciliation Record	03 – 03	1	N
3	Auxiliary On-Us	C	Value from the Aux On-Us field on the deposit ticket, if present	04 – 18	15	N
4	External Processing Code	C	Blank	19 – 19	1	AB
5	Posting Bank Routing Number	M	'#####'	20 – 28	9	N
6	Posting Account Number (On-Us)	M	'#####/20' where # = 10 digit Bank Account Number	29 – 48	20	NBMcdo
7	Item Amount	M	The total value of all Type 25 (check) Records in the Bundle	49 – 58	10	N
8	Item Sequence Number	M	A number that uniquely identifies the item in the Cash Letter	59 – 73	15	NB
9	Documentation Type Indicator	C	'G' indicates images included, no paper items provided	74 – 74	1	A
10	Type of Account Code	C	Blank	75 – 75	1	AB
11	Source of Work Code	C	Blank	76 – 77	2	AB
12	Reserved	M	Blank	78 – 80	3	AB

Conditional fields that are not used shall be filled with blanks.

Credit/Reconciliation Record (Type 61 or Type 25) – Continued**Type 25 Record Layout:**

FIELD	FIELD NAME	USAGE	MANDATORY VALUES	POSITION	SIZE	TYPE
1	Record Type	M	'25'	01 – 02	2	N
2	Auxiliary On-Us	C	Value from the Aux On-Us field on the deposit ticket, if present	03 – 17	15	N
3	External Processing Code	C	Blank	18 – 18	1	AB
4	Payor Bank Routing Number	M	'#####'	19 – 26	8	N
5	Payor Bank Routing Number Check Digit	M	'#'	27 – 27	1	N
6	On-Us	C	'#####/20' where # = 10 digit Bank Account Number	28 – 47	20	NBMcdco
7	Item Amount	M	The total value of all Type 25 (Check Detail) Records in the Bundle	48 – 57	10	N
8	Client Institution Item Sequence Number	M	A number that uniquely identifies the item in the Cash Letter	58 – 72	15	NB
9	Documentation Type Indicator	C	'G' indicates images included, no paper checks provided	73 – 73	1	A
10	Electronic Return Acceptance Indicator	C	Blank	74 – 74	1	AB
11	MICR Valid Indicator	C	Blank	75 – 75	1	AB
12	BOFD Indicator	C	Blank	76 – 76	1	AB
13	Detail Record Addendum Count	M	'00'	77 – 78	2	N
14	Correction Indicator	C	Blank	79 – 79	1	AB
15	Archive Type Indicator	M	Blank	80 – 80	1	AB

Conditional fields that are not used shall be filled with blanks.

Bundle Control Record (Type 70)

The Bundle Control Record is conditional and contains seven fields. It shall be present to complete a Bundle that began with a Bundle Header Record (Type 20). There shall be one Bundle Control Record corresponding to each Bundle Header Record (Type 20). It shall be the last Record of the bundle.

FIELD	FIELD NAME	USAGE	MANDATORY VALUES	POSITION	SIZE	TYPE
1	Record Type	M	'70'	01 – 02	2	N
2	Bundle Item Count	M	The number of items represented by Type 61 and Type 25 Records in the Bundle	03 – 06	4	N
3	Bundle Total Amount	M	The U.S. Dollar value of the checks represented by Type 25 Check Detail Records in the Bundle	07 – 18	12	N
4	MICR Valid Total Amount	C	The U.S. Dollar value of the checks represented by Type 25 Check Detail Records in the Bundle which contain the Defined Value '1' in the MICR Valid Indicator (if present in Field 11)	19 – 30	12	N
5	Images within Bundle Count	C	Total number of Image Views within a Bundle. It is expected that there is a front and back image for each item (including the Credit/Reconciliation Record)	31 – 35	5	N
6	User Field	C	Blank	36 – 55	20	AB
7	Reserved	M	Blank	56 – 80	25	AB

Conditional fields that are not used shall be filled with blanks.

Cash Letter Control Record (Type 90)

The Cash Letter Control Record is mandatory and contains eight fields. There must be one Cash Letter Control Record corresponding to each Cash Letter Header Record (Type 10), and it shall be the last record in the Cash Letter.

FIELD	FIELD NAME	USAGE	MANDATORY VALUES	POSITION	SIZE	TYPE
1	Record Type	M	'90'	01 – 02	2	N
2	Bundle Count	M	The number of Bundles represented by Type 20 Records in the Cash Letter	03 – 08	6	N
3	Cash Letter Item Count	M	The number of items represented by Type 61 and Type 25 Records in the Cash Letter	09 – 16	8	N
4	Cash Letter Total Amount	M	The U.S. Dollar value of the items represented by Type 25 Check Detail Records in the Cash Letter, not to exceed \$99,999,999.99	17 – 30	14	N
5	Cash Letter Image View Count	C	The number of Image Views within the Cash Letter. This should include a front and back image of each item.	31 – 39	9	A
6	ECE Institution Name	C	'ICL- #####' = 12 Digit Bank Account Number zero filled Note: Must match File Header Record (Type 01) Field 10	40 – 57	18	ANS
7	Settlement Date	C	YYYYMMDD	58 – 65	8	N
8	Reserved	M	Blank	66 – 80	15	AB

Conditional fields that are not used shall be filled with blanks.

File Control Record (Type 99)

The File Control Record is mandatory and contains eight fields. It is the final record in the file.

FIELD	FIELD NAME	USAGE	MANDATORY VALUE	POSITION	SIZE	TYPE
1	Record Type	M	'99'	01 – 02	2	N
2	Cash Letter Count	M	The number of Cash Letters represented by Type 10 Records included in the file	03 – 08	6	N
3	Total Record Count	M	Total number of Records of all types sent in the file, including the File Control Record	09 – 16	8	N
4	Total Item Count	M	Total number of Type 61 and Type 25 Records included in the file	17 – 24	8	N
5	File Total Amount	M	The U.S. Dollar value of all items represented by Type 25 Check Detail Records in all Cash Letters in the file	25 – 40	16	N
6	Immediate Origin Contact Name	C	Must match Cash Letter Header Record (Type 10) Field 11	41 – 54	14	ANS
7	Immediate Origin Contact Phone Number	C	Must match Cash Letter Header Record (Type 10) Field 12	55 – 64	10	NB
8	File Credit Total Amount	M	The U.S. Dollar value of all items represented by Type 61 and Type 25 Credit/Reconciliation Records in all cash letters in the file	65 – 80	16	N

Conditional fields that are not used shall be filled with blanks.

Rev. 6/27/2013

Operating Procedures
Contract Between the State of Tennessee, Department of Treasury
("State") and First Tennessee Bank National Association ("First
Tennessee")

I. Authorization. The Internal Audit Division ("Division") of the Treasury, Department ("Department") of the State of Tennessee issues an Authorized Signature and Contact List for wire transfers, user access to Business Banking Online, Prime Connection, ACH file origination applications, ACH reversals, ACH returns/dishonored returns cash letter operations and custodial services. (Attachments A and B). References within these procedures to a specific contact are to a Division or section of the Department. The authorized contacts are restricted to those specifically listed within the Authorized Signature and Contact List and each such authorized contact may serve as a primary user having authority to administer User ID's, passwords and account activity levels for other authorized representatives of the State allowed access to the services. The list includes the names of individuals authorized by the State for issuance of Personal Identification Numbers (PINs) for the purpose of utilizing First Tennessee's services pursuant to the Wire Transfer Operating Procedures. Additional procedures applicable to the services are further described in First Tennessee's ACH Services Application (Attachment S), ACH CA Setup Form (Attachment T), Business Banking Online Wire Transfer User Manual (Attachment U), Business Banking Online User Guide (Attachment V), E-Reports Implementation Form (Attachment W), BAI2 Reporting Specification (Attachment X), File Transfer Implementation Form (Attachment Y), Business Banking Online Implementation Form (Attachment Z), Prime Connection Agreement (Attachment AA), and Image Cash Letter Implementation Guide (Attachment BB). The State will not be responsible for any services performed by First Tennessee beyond those required in the contract and these procedures. The State agrees that First Tennessee will be entitled to rely conclusively upon the authenticity of all instructions and transfer requests based on the security processes described in these procedures.

Likewise, First Tennessee provides an Authorized Signature and Contact list (Attachment C) to the State to be used in conjunction with these procedures. Authorized contacts are limited to the names included on this list. These lists are updated as changes occur.

All times contained in these procedures are in accordance with the current time zone for Nashville, TN.

The State is responsible for:

- A. Furnishing complete and accurate information with each request and in the precise manner and format prescribed within these Operating Procedures.
- B. Proving sufficient available funds on deposit in the account number designated for settlement for such transfers.

- C. Examining transaction confirmations, settlement advices and similar notices and notifying First Tennessee immediately of any unauthorized, incorrect or delayed transfers. State acknowledges that time is of the essence in reviewing transfers in order to prevent or limit loss in these circumstances.
- D. State understands that First Tennessee is not acting as an investment advisor or as a fiduciary with regard to transfer requests. State bears all risk and market fluctuations in any currency traded as a result of these Operating Procedures.

II. Outgoing Wire Transfers

- A. The State uses its internal cash movement system, ACME, to create wire transfer requests. The State Wire Room Operator will periodically group the State's internally approved outgoing wire transfer instructions into batches and transmit the batches to First Tennessee via a VPN connection. First Tennessee accepts communication of wire transfer instructions beginning at 7:30 a.m. and ending at: (i) 3:00 p.m. for international transactions, (ii) 4:30 p.m. for domestic transactions for same-day execution. To allow adequate processing time file transmissions need to be complete by 4:30p.m.
- B. The State Wire Room Operator transmits the authorized wire request batches through ACME. ACME will require the State Wire Room Operator to enter their personal identification number (PIN). A secure encrypted transmission process to be agreed upon by First Tennessee and the State will be used. Batch wire files will be sent to First Tennessee via a secure FTP VPN connection using User ID's and Passwords. The State is responsible for maintaining confidentiality for all PIN numbers, repetitive wire IDs, User ID's, Passwords, and security tokens. Any breach of confidentiality shall be promptly reported to First Tennessee's Relationship Manager (Warner (Pete) Stringer) and First Tennessee's Business Service Center. The State shall maintain control procedures to ensure the security of the wire data file prior to its transmission to First Tennessee. State is also responsible to examine each business day all wire transfers debited or credited to State accounts and to notify First Tennessee immediately (and confirm promptly in writing) of any unauthorized, incorrect, or delayed transfers reflected in said transfers. State acknowledges that time is of the essence in reviewing transfers and reporting discrepancies in order to prevent or limit losses and compliance with this requirement is a condition precedent to any recovery against First Tennessee for its alleged error or negligence in connection with transfer requests.
- C. Upon receipt of the batch wire file, First Tennessee will send an email containing file totals to Treasury.StateTrust@TN.Gov. The State will verify information and confirm approval by email. Once confirmation is received, First Tennessee will validate the wire transfer instructions from the State. Provided there are sufficient funds on deposit for implementation of the wire(s), First Tennessee will release of batch wire requests to the Federal Reserve Fedwire System. All wires are subject to regulatory OFAC compliance review and First Tennessee may temporarily suspend processing of a wire transfer for greater scrutiny or verification which may affect settlement, including a transaction that is blocked and funds held due to OFAC regulations. First Tennessee will have no obligation to honor any Transfer Request which would exceed the available funds in the settlement

account plus the preapproved net debit intraday cap. All wires are subject to potential delay as a result of OFAC review or which exceed available funds plus the net debit intraday cap.

- D. For wires that are designated for First Tennessee customers and its branches and affiliates, First Tennessee may post book entry transfers to complete the requested transactions.
- E. First Tennessee's implementation of any transfer request in accordance with these procedures shall in no event be deemed negligence.
- F. First Tennessee is not held responsible for any fees taken by intermediary banks that may deduct charges from the transfer amount.
- G. Wire transaction confirmation via file down-load:
 - 1 A confirmation file for every wire transmission batch received by First Tennessee will be returned to the State via SFTP. This file will be updated to the ACME system by the State and will include the State's document number, wire amount, and First Tennessee's reference number.
 - 2 The State Wire Room Operator will initiate the update of wire confirmations through ACME.
- H. Manual wire requests through Business Banking Online Wire Module for repetitive, semi-repetitive, or non-repetitive wires:
 - 1 Business Banking Online Wire users are required to complete Attachment D (Exhibit A-1) to use security tokens for Business Banking Online Wire access.
 - 2 International wire requests may be submitted through Business Banking Online Wire Module or initiated by phone to the Wire Transfer Department. International wire transfer may be initiated as previously established repetitive templates. International wires can be sent in USD or foreign denominated currency. Foreign currency can be purchased on-line with exchange rate quotes which are valid for 60 seconds. The USD equivalent of the foreign currency will be charged to the State's account.
 - a If the wire is to be initiated in a foreign currency, the State Wire Operator will be prompted to enter the wire amount and currency and to accept or reject the SELL exchange rate offered online.
 - b It is assumed that the person accepting the rate has the authority to commit the State to purchase currency up to the amount of their individual wire limit. A valid Wire Transfer PIN number and verification method for non-repetitive wires will be required at the time of input via Business Banking Online or if initiated by phone.
 - c In the event the currency is purchased, but the wire is not released by First Tennessee, the currency can be sold back at the bank's prevailing BUY exchange rate for transactions of that size and currency.
 - d It is understood by the State that 1) the purchase of currency is a contract and is separate from the transmission of wire details by First Tennessee, 2) the rates at which the bank sells and buys currency may differ and 3) any difference may increase due to the passage of time and/or volatility in the foreign exchange market.

- 3 The State will complete Attachment E (Exhibit D) for each repetitive wire.
 - 4 The repetitive wires will be initiated directly through Business Banking Online Wire Module by the State Wire Room Operator.
 - 5 First Tennessee offers the following Security Features. Items not chosen to be used by State will be removed from this list.
 - a Call back verification to the State is available for repetitive, semi-repetitive, and non-repetitive requests over a threshold to be specified by the State. Thresholds can vary by the above - three wire types. (Complete Attachment F- Exhibit A)
 - b Users can be limited to specific accounts. Complete Attachment G (Exhibit B) to define specific accounts and limits per user by wire type).
 - c User specific Personal Identification Numbers (PIN) are assigned and can be re-issued as necessary or on a specified schedule (annually).
 - d Confirmations are available via First Tennessee Online Wire Module.
 - e The use of repetitive wires is encouraged by First Tennessee when wires are originated through the Business Banking Online Wire Module or called in manually. The use of recurring templates helps to minimize errors and provides additional security controls.
 - f All Business Banking Online non-repetitive wires (those where the user adds or modifies ABA or account number) require verification method to confirm the wire contents using out of band channels.
- I. Procedures for wires that cannot be executed due to transaction errors:
- 1 Applicable to a **batch** of transactions that has been transmitted to First Tennessee but not yet paid and settled. First Tennessee's Wire Transfer Area contacts the State Wire Room at (615) 741-3905 to inform them of a processing problem. First Tennessee can delete the failed wire request and the State can resubmit a new wire request either in a batch or as an individual wire.
 - 2 Applicable to a **single wire** transaction request that has been transmitted to First Tennessee but not yet paid or settled (such as an invalid routing number):
 - a First Tennessee Wire Transfer Area contacts the State Wire Room Operator at (615) 741-3905 to notify them of the error.
 - (i) If First Tennessee can accurately identify the problem, they will inform the State Wire Room of the necessary changes.
 - (ii) If preferred by the State, the State Wire Room Operator will make the changes to the routing transit number and resubmit the wire in a subsequent batch. First Tennessee can delete the failed wire request and the State can resubmit a new wire request either in a batch or as an individual wire.
 - b If First Tennessee cannot identify the problem, the State Wire Room Operator contacts the State of Tennessee's Cash Management area to determine the problem. The State's Cash Management area researches the problems and submits the changes to the State Wire Room. The

State resends the corrected request to First Tennessee in a subsequent batch. First Tennessee would delete the failed wire request in this situation.

- J. Procedures applicable to wire transactions sent to First Tennessee, paid by First Tennessee and then returned to First Tennessee by the receiving financial institution:
 - 1 First Tennessee's Wire Transfer Area contacts the State Wire Room at (615) 741-3905 regarding wire transfer requests that are returned by the receiving financial institutions.
 - 2 First Tennessee and the State reflect the returned (incoming) wire in the next account settlement.
 - 3 The State Wire Room researches the problem along with the Cash Management Division and other appropriate personnel to determine whether a corrected wire request is re-submitted in a subsequent batch to First Tennessee.
- K. Procedures for backup due to system or communication failures. In cases of short-term system failures (expected outage less than one day), the State has the following options available:
 - 1 First Tennessee offers an Online Wire Module that is capable of supporting the State. Authorized State users provided security token, User ID, password, and wire PIN access can also be established on the Wire Module to request individual wires using any of the three wire types (repetitive, semi-repetitive, and non-repetitive).
 - 2 Individual wires can also be initiated via a phone request by authorized individuals with pre-approved PIN access using any of the three wire types (repetitive, semi-repetitive, and non-repetitive).
 - 3 First Tennessee and State shall develop a service resumption plan (Attachment H) for wire transfer processing in the event of a disaster which affects First Tennessee's primary service delivery office in accordance with A.5 e. of the contract.
- L. On-line wire transaction confirmation through Business Banking Online Wire Module for all wires initiated through Business Banking Online Wire Module:
 - 1 Business Banking Online Wire Module provides a reporting module to monitor the status of every wire manually initiated by the State through Business Banking Online Wire Module. (Confirmation of wires sent by batch from ACME will be available through Business Banking Online Wire Module.) This reporting capability includes all information contained in the original wire transfer instructions plus the control/sequence confirmation numbers assigned as the wire request goes through the execution cycle.
 - 2 Upon confirmation on Business Banking Online Wire Module, the State Wire Room Operator will update the ACME status to "Confirmed" for each wire.

III. Incoming Wire Transfers

- A. All incoming wires will be sent to ABA '#####' and account number

'#####' for credit to the State of Tennessee. Wires should have the State Agency and Program name and any identifying information as account name or contact name. For incoming wires, First Tennessee's standard practice is to automatically post all incoming wires to the customer's account upon receipt and return wires based on instructions from the State of Tennessee. Returned wires must be authenticated with the secure PIN number by an authorized representative from the State of Tennessee.

- B. First Tennessee is not held responsible for any fees taken by intermediary banks that may deduct charges from the transfer amount.
- C. An email will be sent automatically upon receipt of incoming wire transfers unless wire requires repair or additional compliance review.

IV. Wire Activity File

- A. First Tennessee to provide State with an activity file. This file to reflect all wire activity, either incoming or outgoing that flows through account number '#####'. This file to be created every 15 minutes starting at 7:30a.m. and ending at 6 p.m. and to contain only activity received in the prior 15 minute interval. If no activity has occurred, a null file should not be created.

V. Custodial Services

A. Acquisition of Securities

- 1 The State will notify First Tennessee Institutional Trust Group of any security acquisition by faxing an ACME Trade Ticket to the First Tennessee Institutional Trust Group at (866) 209-0211. If for multiple accounts trades should be sorted so that all trades for each account are together.
- 2 First Tennessee Institutional Trust Group will settle the purchase of the security and instruct First Tennessee Wire Room to internally wire the funds for the security purchase from the State's settlement account to the First Tennessee Institutional Trust Group.
- 3 First Tennessee is not responsible for and shall have no authority to exercise any rights as to the Securities except to the extent First Tennessee receives specific instruction from the State of Tennessee to do so.

B. Maturities, Income Receipts & Dispositions of Securities

- 1 Any funds for maturing securities or income receipts will be internally wired to the State's settlement account from First Tennessee Institutional Trust Group by 9 a.m. on maturity day.
- 2 Although the State is typically a holder to maturity, the SPIF portfolio is actively managed and may dispose of securities for strategic purposes. In the event that a security is sold, the State will provide delivery instructions on the trade ticket. The State will notify the Trust Group either electronically or by phone in the event of a disposal along with the transmission of a trade ticket.

C. Trades

- 1 Penny Differences on Trades: Trade differences up to \$1 will be absorbed by SEI, and they will settle the trade with the broker. The trade will post to the account per the ACME trade ticket. If the difference is greater than \$1, we will notify you of the difference so you can contact the broker.
- 2 Non-Delivery of Trades: For next day maturing Commercial Paper, we will advise you of the non-delivery of the asset by the broker. SEI will post the purchase & maturity as if the trade had not failed and SPO the broker for the interest. For Fed items that do not mature next day, we will advise you of the non-delivery of the asset by the broker. SEI normally receives the item the following day to settle with the broker. The trade will post to the account per the ACME trade ticket settlement date.

D. Reporting

- 1 First Tennessee will provide monthly reports to the State concerning the Custody Account (the "Reports"). In the absence of filing a writing with First Tennessee of exceptions or objections to any such Report within sixty (60) days of the Report, the State will be deemed to have approved such Report; and in such case, or upon written approval of the Report by the State, First Tennessee shall be relieved and discharged with respect to all matters and things set forth in the Report.
- 2 First Tennessee will provide electronic access only to the monthly reports on the Trust website. The annual reports will be provided electronically and a hard copy will be mailed to the State's specified address to satisfy OCC requirements.

VI. Automated Clearing House (ACH) Services

A. ACH File Communication Process to be defined between State and First Tennessee.

- 1 ACH file transfers between the State and First Tennessee for ACH origination and receipts will take place via FTP over VPN. Each originating State agency will upload their ACH origination file to the State's mainframe computer. The State will deliver each agency file as a batch within a single NACHA file for processing by First Tennessee. In addition, three third party contractors create ACH originations files for Revenue Tax Payment debits, Tennessee Wildlife Resource Agency (TWRA) debits and Child Support debits. These contractors will deliver files to the State to be included in the consolidated NACHA formatted file delivered to First Tennessee.
- 2 The State provides the above entries in a NACHA formatted file, encrypted and transmitted (discussed in VI.A.1) to First Tennessee for processing. First Tennessee receives decrypts and processes the file. The State provides origination files twice daily, approximately at 11:30 a.m. and 4:00 p.m. The final processing window is typically used to process files which are suspended due to edits or processing exceptions. To allow for adequate processing time, files need to be transmitted by 5:30 p.m. Monday-Friday.
- 3 First Tennessee receives files from the Federal Reserve- four times daily; approximate times are 10:30 a.m., 2:00p.m., 7:30p.m., and 2:00a.m. First Tennessee provides a single consolidated file daily as requested, or if beneficial

to the State in the future, First Tennessee could also provide multiple files daily roughly within 30 minutes after the collection window has been completed following receipt of the file.

4. The early a.m. collection window is used to collect and process files which are received during the night. The key file for early morning processing is the Federal Reserve file which is normally received around 2:00a.m. Data from this file (receipts, returns, Notifications of Change (NOCs), etc.) is made available to the First Tennessee's DDA system, Business Online Banking. This data is transmitted to the State in an electronic NACHA formatted file and will be available to the State typically prior to 8:00 a.m. daily. The State requests that First Tennessee warehouse future effective dated receipt transactions and include such transactions in the files transmitted to the State on the effective date. Business Banking Online ACH users are required to complete the online security enrollment and use security tokens for Business Banking Online ACH access.

B. ACH Origination

- 1 State deems each transaction requested to be authorized in accordance with the valid authorization of the accountholder(s) of the account which is to be debited or credited in connection with the transaction; that such authorization is in compliance with NACHA Rules as updated from time to time; that a copy or record of the authorization shall be furnished promptly upon request by First Tennessee and maintained by State for at least two years after last such transaction against the accountholder(s)'s account.
- 2 State agrees not to provide "pass through" batches or files, i.e. a balanced file without settlement against an account at First Tennessee; that none of the transactions are related in any way to high risk activities which are prohibited by First Tennessee including online payment processors, credit repair services, mail order telephone order companies online gambling operations, businesses located offshore or adult entertainment businesses.
- 3 State further warrants and agrees not to originate transactions that violate any laws of the United States including those that give rise to OFAC sanctions.
- 4 State acknowledges that First Tennessee may require pre-funding for ACH credits, holds for future debit return and/or reserve accounts if the credit quality of the State, in the opinion of First Tennessee, falls below investment grade.
5. State acknowledges that ACH debit entries may be returned by the receiving institution for insufficient funds or other reasons. Any credit given to the State shall be deemed provisional and may be revoked if the transaction is returned for any reason.

- 6 Each ACH Origination file will include unique batch company name and identification numbers to identify the agency/application creating the batch. The State will initially provide a spreadsheet of the origination applications, including requested information for FT to establish on their system. Subsequent originations will be submitted to FT using the ACH CA setup form (Attachment T).
- a First Tennessee will perform a series of edit checks prior to processing the file. It's important for timely processing that each agency/application be properly established for the following items. The ACH Services Application defines the parameters which will be used for these edit checks and must be submitted for implementation with an authorized signature 2 business days in advance of file delivery.
 - (i) Batch Header Record information will be matched to data within First Tennessee PEP+ processing system. When the Batch Header Record information fails to match data within the PEP+ ACH processing system the Business Service Center is notified as well as the Relationship Manager (or additional designated individuals if necessary). The State will be contacted and documentation obtained. If proper approvals are obtained, the file can be released to avoid delays. Verbal approval is acceptable, but must be followed up in writing.
 - (ii) Exposure will be calculated based on files received and processed. Exposure is accumulated over multiple days based on items being released to the Federal Reserve or internally to First Tennessee accounts limits, the effective date of the batch, and whether ACH debits or credits are being originated. When calculated, the exposure will be compared to preset exposure limits which have been approved in advance by the State and First Tennessee. Files which exceed these limits will be suspended and held for subsequent approval.
 - (iii) The Standard Entry Class (SEC) code in the batch header will be compared to previously approved and authorized SECs. Files containing SECs which have not been approved for this agency/application will be suspended and held for subsequent approval.
 - (iv) File control totals will be compared against files processed over the previous 60 day timeframe. In many cases, ACH Operations is able to determine whether the file is an actual duplicate or not. After review, if ACH Operations continues to suspect the file as a duplicate, they will contact the State and review the data with them.
 - (v) State acknowledges that First Tennessee may, from time to time, temporarily suspend processing of a transaction for greater scrutiny or verification against the Office of Foreign Asset Control (OFAC) Specially Designated Nationals list, and that this action may affect settlement and/or availability.

7 The State will use First Tennessee's transit routing number of '#####' as the immediate origin for ACH origination files.

8 The State will deliver files to First Tennessee for processing as follows:

- a Debit files are delivered one day prior to settlement.
- b Normal credit files will be delivered one day prior to settlement. This includes supplemental payroll files which are sent weekly.
- c Critical files, such as the main retired payroll (once monthly) and the main employee payrolls (twice monthly) are delivered at least three days prior to settlement.

9 International ACH Transactions

- a The State does not currently originate IAT transactions; however as State ACH origination applications are upgraded, the State may originate IAT transactions in the future.

10 ACH Confirmations

- a First Tennessee will calculate the batch and file control totals from the origination files and provide an email confirmation notice to the State's email address (Treasury.ACH@TN.Gov). The State will need to confirm these totals to the totals of the transmitted file. First Tennessee will assume the file is acceptable to process and will schedule the file automatically for the next available processing window unless otherwise notified by the State.

11 Backup ACH Origination Procedures

If it is not possible to transmit files electronically, State will notify the Business Service Center that there is a problem with the transmissions.

- a. The State will decide if backup procedures will be initiated based on the expected outage time. Typically the backup procedure will not be invoked unless the outage is expected beyond 3:00 p.m.
- b. The State's Treasury Operations team will continue to monitor the State's mainframe computer system.
- c. The State will notify First Tennessee when the communications link is re-established.

First Tennessee reports amount of ACH origination activity on the State's account through Business Banking Online for each distinctive company ID number. ACH settlement activity is memo posted according to the settlement date and available to the State through Business Banking Online no later than 9:00a.m. each business day.

12 Deletion / Reversal of originated ACH items.

- a First Tennessee provides the State with an ACH Reversal Form (Attachment K) for requesting the recall or reversal of State originated items. State is required to provide all information needed from the ACH files and records for First Tennessee to initiate the reversal entry. State acknowledges that a reversal is a request and may not be honored by the receiving institution. If the reversal is returned, it will be included in the standard ACH return item notification. The State will contact First Tennessee's Business Service Center (method to be determined) to send an ACH Reversal Form.
- b The ACH Reversal Form (Attachment K) is signed by an individual with the State authorized to request a reversal for the specific ACH origination application per the Authorized Signature and Contact List (Attachment B).
- c The State will request the reversal entries within five banking days following the settlement date of the erroneous entry. No guarantee of recovery exists since funds may have been withdrawn from the accounts. FT's Business Service Center will confirm to the State ACH the receipt of each reversal request via the State email box, Treasury.ACH@TN.gov.
- d In cases where the State is requesting a large volume of payroll ACH origination entries to be deleted, the State will provide an Excel spreadsheet of entries that need to be deleted. This request is to be provided to First Tennessee no later than 5:00PM CT three days in advance of the effective date. If received after this deadline and items have been distributed to the Federal Reserve, First Tennessee will submit a reversal into the ACH Network.
- e The above spreadsheet to be either sent via email by an authorized individual or accompanied by a Reversal Request signed by an authorized individual.
- f First Tennessee originates the reversal entry as authorized by the State and includes the reversal amount in the next daily account settlement as part of the ACH settlement activity.

13 Trace requests on the State's ACH origination entries:

- a An authorized individual with the State's ACH origination program contacts Business Service Center at (888) 382-4968 to request a trace on an ACH origination entry.
- b The individual must provide the following information from the origination entry:
 - Individual Name
 - Account Number
 - Debit/Credit Amount
 - Effective Date
- c ACH Operations traces the entry to the receiving financial institution, if necessary, and provides the State with a status of the entry's disposition within 24 hours or as soon as possible via the State's email address.

Treasury.ACH@TN.gov after a response is received from the receiving financial institution.

C. ACH Receipts and Returns

- 1 First Tennessee will add a filtering process as items are collected from the Federal Reserve. This process will compare the first six digits of the account number provided by the State with received transactions. Item failing to match will be returned (R04) to the originator. Items matching will be distributed to the State on the morning of the effective date. The State will also provide a list of incorrect account numbers that routinely are delivered and accepted by the state. FTB will replace the incorrect account numbers with the valid account numbers supplied by the state and create NOC transactions to the entry originator of the correct account number to be used. First Tennessee will provide a report via email to Treasury.ACH@tn.gov identifying items received that did not pass the above described compare process. Changes to the list of valid account numbers can be submitted by using the form at Attachment CC- Valid Treasury ACH Accounts.
- 2 First Tennessee will transmit the State's ACH receipts & returns detail activity in NACHA format to the State, through the dedicated communication line in accordance with section VI.A.1 above. no later than 7:30a.m. each business day. Return item and NOC activity will represent items returned through the end of the previous business day. Receipt items detail that cannot be provided via file transmission, such as unmatched return items, (Attachment L - Sample of unmatched return items) are sent to the State Accounting email Treasury.ACH@TN.gov. Such detail includes the originating company ID, the individual name, individual ID, effective date and amount.
- 3 The State designates First Tennessee's transit routing number '#####' as the destination for its ACH receipts. The State will continue to use its existing account numbers for ACH receipts.
- 4 First Tennessee reports the ACH receipt & return amounts settling on the State's account through Business Banking Online. The ACH settlement activity is available to the State no later than 9:00a.m.
- 5 Procedures for Requesting Return of Receipt and Dishonoring Returns. Items to be returned must be delivered to First Tennessee by the end of the business day following the effective date (method to be determined).
- 6 Return of Receipt
 - a The State will identify any receipt items not belonging to the State.
 - b The State will complete a Return Receipt Form (Attachment M) requesting item not belonging to the State to be returned.
- 7 Dishonor of Return (Please see Attachment R)
 - a The State will identify any returns that should be dishonored.
 - b The State will notify the Business Service Center at (888) 382-4968 with the request to dishonor of an ACH return receipt entry.
 - c The request is signed by an authorized individual with the Treasury Accounting Division per the Authorized Signature and Contact List.

- 8 First Tennessee will originate the ACH return or dishonored return and includes the amount in ACH totals reported to the State via Business Banking Online.
- 9 Backup ACH Receipts Procedures
 - a State will notify First Tennessee that the communications process outlined in section VI A.1 is down. A decision will be made about whether to initiate the backup procedure depending upon the expected outage. If the expected outage is to extend beyond 11:00 A.M., then the backup ACH procedure will be initiated.
 - b The State's Treasury Operations team will verify that the ACH Receipts Directory is Empty.
 - c The State's Treasury Operations team will verify and confirm that the User ID and password for IITN_ (ACH Receipts Production account) is active.
 - d State will obtain the ACH Receipts file by contacting the Business Service Center at 1-888-382-4968. These files will be placed in an outgoing directory for the State to retrieve.
 - e The State's Treasury Operations team will FTP the file from System Name & IP Address, using a Windows workstation logged into the Treasury Network to K:\Prod\rcvd\ii34a\ach_. The System Name & IP Address, will be communicated by First Tennessee at the time of the outage.
 - f The State's Treasury Operations team will XCOM file to produce Agency reports and files.

D. Composite Receivers File (CRF)

- 1 First Tennessee to forward a copy of the Federal Reserve Composite Receivers File (CRF) on a monthly basis to the State of Tennessee no later than the last working day of the month.

VII.State Trust In-Clearing Cash Letter, Returns and Adjustments Settlement

Warrants and checks issued by the State of Tennessee clear through the Federal Reserve Bank against a Transit Routing Number registered to the State Trust of Tennessee, a public corporation and instrumentality of the State of Tennessee, operated by State Treasury. The State Trust of Tennessee does not have an account with the Federal Reserve Bank to settle cash letters, returns, adjustments and related service charges. Therefore, the State Trust needs First Tennessee to serve as Correspondent for the charges.

First Tennessee accepts charges to its Federal Reserve account for the in-clearing of the State Trust of Tennessee warrants and checks drawn on the State's unique routing transit number. This includes (check) cash letters, and adjustment items relating to the State warrants and returns. The adjustments may also involve credit amounts. The cash letters and any physical items and advices are exchanged directly between the State and the Federal Reserve. A tri-party agreement between First Tennessee, the Federal Reserve Bank and the State is executed solely to establish settlement of (check) transactions drawn on the State's unique Routing Transit and the monthly Federal Reserve service fee.

- A. Warrant and return cash letters are exchanged between the State and the Federal Reserve daily. The State receives a FRB regional advice electronically via the Fedline which includes cash letter amounts and adjustments for FRB processed items. First Tennessee has an automated

process to capture this daily activity from the Federal Reserve and create the offsetting settlement tickets to the State's account with First Tennessee. This process is executed four times daily at 8:00a.m., 10:00 a.m., 1:00 p.m., and 6:00p.m. -. First Tennessee automatically generates an email notification to Treasury.StateTrust@tn.gov each time this process is run and settlement tickets are created.

- B. Adjustment items are also included in the account settlement.
- C. Federal Reserve monthly service fees assessed to the State's routing transit will be automatically settled against the State's account with First Tennessee on the of each month. The monthly services fees are available to State through Fedline on the 10th of each month.
- D. The State will maintain sufficient funds in the designated settlement account with First Tennessee to cover daily activity for In-clearing services.

VIII. Image Cash Letters (ICL) Deposit Files, Adjustments, and Returns

The State accepts and receives checks for deposit at many agency mail-in and over-the-counter locations across the state and at some centralized remittance processing sites operated by the agencies or their third-party contractors. The State is currently using functionality within the State-wide financial system (Edison) to produce State-wide Check 21 files from deposit items scanned in to Edison's front-end cashiering module at various participating decentralized agency locations. Consolidated ICL files from the Edison system, in ASC ANSI X9.37 standard format (with modifications mutually agreed to by both parties) will be sent from State Treasury to First Tennessee at one or more times throughout the day. In addition, the Tennessee Department of Human Services, Child Support Division, through its contract with Systems and Methods, Inc. (SMI), operates a central remittance processing site that currently sends daily Check 21 files to the State's Check 21 Depository bank. The State also anticipates that the Tennessee Department of Revenue will implement a separate Check 21 deposit process in its remittance processing operation within the term of the State's contract with First Tennessee. The State will use the same standard file format mutually agreed to by all parties for aiiiCL files directed to First Tennessee for deposit processing.

First Tennessee will not be responsible to the State for any equipment provided by a third party vendor, nor have liability for the malfunction of any equipment used by the State for the processing of ICLs. The State will notify First Tennessee at least thirty (30) days in advance of any upgrade or change to the Equipment, Software or third-party services used to create the ICL file and afford First Tennessee reasonable time to respond and perform any appropriate testing to confirm that such upgrade or change will not create processing problems.

The State will use a separate bank account for each of the above deposit origins, in order to segregate the settlement, processing and adjustment activities.

The State may transmit ICLs electronically through a secure FTP. Using the transmitted image file, First Tennessee may create a Substitute Check or other electronic representation of items for collection through the local Federal Reserve or other clearinghouses, or directly to the paying institution. (Please complete Attachment N- ICL Security Setup Form)

The State can transmit multiple ICL files throughout the day. ICL files can also contain multiple deposits. ICL deposit files are processed at First Tennessee in the order of receipt. Files received and processed through our check center by 8:00 p.m. central time will receive 'same day' ledger credit. ICL files processed after the 8:00p.m. deadline or on weekends or holidays will be ledger posted the next business.

- A. The State will establish internal quality and security controls to ensure file integrity and the timely collection of items deposited:
1. Each ICL file will comply with the standard ANSI X9.37 format and include the deposit record defined by First Tennessee. (Attachment O)
 2. ICL files compliant with the Universal Companion Document (UCD) that went into effect September 2010 for image quality and data field integrity. (Attachment P)
 3. An ICL file should not exceed 30,000 checks. The bank will have the right to reject any ICL file that exceeds that limit.
 4. State will ensure title to each check transmitted in the ICL deposit file. The digital image of each check document in the ICL deposit file is a sufficient copy that is a true, correct and accurate image that represents all the information on the front and back of the original check or electronic item at the time the original check was truncated so that a Substitute Check created from the image will satisfy legal equivalence requirements.
 5. The transmission of MICR line information for each cash item is identical in all respects to the original item listed in the ICL deposit file and that the encoded check amount is accurate
 6. The original item, or a paper or electronic representation, has not previously been deposited for collection with First Tennessee or any other financial institution, and no depository bank, drawee, drawer, or endorser will be asked to pay an item that it already has paid,
 7. Rear check images will contain the State's endorsement for forward collection. The State understands that any message text or other information added to the image transmitted to First Tennessee may cause the depository bank's endorsement not to be legible which may result in the delayed return of a substitute check or electronic representation of the item if it is not paid
 8. Duplicate checks will not be transmitted to First Tennessee for processing.
 9. State will retain the original items, or in the event the State utilizes the services of a third party, that the third party will retain the original items, or keep records sufficient to permit it to identify its depositor or endorser on a cash item in case the item is lost or destroyed and charged back until final settlement of all items in each ICL and for such additional period as may be required in the event of a disputed truncated or Substitute Check, including claims that the Substitute Check or electronic representation does not satisfy legal equivalence requirements, so that the original check can be processed for collection, and that State or such third party will take reasonable efforts to safeguard any original items until they are destroyed for any file containing a substitute check or an electronic item,

10. State will maintain records sufficient to enable the sender to provide the original check or a sufficient copy of the original check upon request
11. State understands that the appearance of the original check and the use of certain background colors, decorative images and choices in ink on the original check may affect the ability to produce a readable digital image of the check or the creation of a Substitute Check that meets legal equivalence requirements which may require the original check to be processed for collection
12. The State does not intend to re-deposit returned ICL deposit items. In the event this does occur, re-deposited return items will contain all prior endorsements and the appropriate code for an image replacement document.
13. Original checks or documents that do not comply with Check 21 legislation should not be transmitted in the ICL file and may be physically delivered to the First Tennessee check center:

First Tennessee Bank National Association
Check Processing (ICL) Attn: Shift Manager
3451 Prescott
Memphis, TN 38118

B. Authorized Transactions

Under any of the following circumstances, First Tennessee shall be conclusively entitled to deem the ICLs to be authorized by, and binding upon, State: (i) if the ICL and the electronic transmission of a file are made by State or its actual or apparent agent, or (ii) if First Tennessee reasonably believes the ICL and the electronic transmission of a file were sent by an authorized representative of State, provided that the ICL and the electronic transmission of a file are in the

name of State and First Tennessee reasonably believes that the ICL and transmission are sent on behalf of State. Acceptable transaction types will be in accordance with the Check 21 law, which excludes Series EE bonds, foreign checks and items in carriers.

C. Transactions

ICLs must be sent to First Tennessee prior to the agreed upon processing deadline. An ICL has been sent to First Tennessee only when the entire file has been transmitted and delivered to First Tennessee in an agreed upon format that satisfies image quality standards. Based on the size of the file, there may be a significant delay between the time you begin to send a file and the completion of the file transmission. As a result, every effort should be made to send ICLs as early as possible. Files that are received by First Tennessee after a deposit deadline will be considered deposited for the next deposit deadline period. For purposes of determining when an item has been delivered and received, First Tennessee's records shall be determinative. Processing fees and funds availability will be

assessed based on the deposit deadline that is met. Problems with hardware, software, or data transmission may on occasion delay or prevent First Tennessee from receiving files or other data electronically. Accordingly, State should have a contingency plan to send any ICL files or other data by other means should such a circumstance arise.

An ICL file can contain one or more cash letters for deposit to the State's account(s) with First Tennessee. Cash letters must contain check detail records and the associated image records.

D. File Confirmation

Upon receipt of the transmitted ICL file, FTB will send to State an email file confirmation (Confirmation) which acknowledges the safe receipt of the file. The State should implement adequate controls to validate "Confirmation" for all ICL files transmitted. It is incumbent on the State to notify First Tennessee if they do not receive 'Confirmation' within 30 minutes of the ICL file transmission to First Tennessee.

E. Rejected Files

An ICL file may be rejected due to transmission errors, including but not limited to, format issues, duplicity, an unbalanced file, or exceeding deposit thresholds. First Tennessee will notify the State via email within one (1) hour of the receipt of an ICL file, if the file rejected and could not be processed. It will be incumbent on the State to transmit a corrected ICL file.

F. Rejected Transactions

First Tennessee will perform preliminary edits on the ICL files before it is processed for deposit. In the event a deposited item within the ICL file fails to validate against First Tennessee's preliminary edits, including but not limited to, for duplicity, encoding error, or for compliance with the 21st Century Act and

Universal Companion Document ("UCD") standards for electronic presentment, First Tennessee will insert an adjustment ticket or provide notice to the State of Tennessee via email of any unprocessable items. (See also procedures for **Returns and Adjustments** below.)

G. Ineligible Items

Unless First Tennessee specifically agrees otherwise in writing, State will not knowingly transmit an ICL file to deposit: (a) checks payable to a third party without verification or guarantee of third-party endorsers; (b) demand drafts or remotely created checks (checks lacking the original signature of the drawer; (c) checks that are irregular in any way (e.g., where the numerical and written amounts are different); (d) checks that have previously been returned stop payment or account closed; (e) checks that are postdated or more than six (6) months old; (f) checks drawn on a foreign bank or payable in a foreign currency; (g) checks payable to "Cash"; or (h) any substitute check that has not been handled in the collection process. First Tennessee's processing of any deposit items within an ICL as described above shall not obligate us to continue that practice, and First Tennessee may stop doing so without cause or prior notice. First Tennessee may refuse any deposit item within an ICL file, with or without cause, or may elect to take a check on a collection basis only.

H. Returned Checks

Any returned checks delivered by First Tennessee to State will be in the form of a Substitute Check. For further collection purposes, State must redeposit the Substitute Check and not the original item. Rescanning the original item for subsequent collection will only be permitted if the returned check is for poor image quality.

I. Provisional Settlement>Returns

State acknowledges that items included in an ICL may be returned by the receiving institution for insufficient funds or other reasons, including claims or returns that the Substitute Check or electronic representation does not meet legal equivalence requirements under federal or other applicable law. In addition, State acknowledges that First Tennessee will have no responsibility for the delayed return of a Substitute Check that includes any message text or other information added by State or any other party in the depository bank endorsement area. Any credit or consideration given by First Tennessee to State with respect to any ICL shall be deemed provisional, and First Tennessee shall be entitled to revoke same without prior notice in the event one or more items within an ICL are rejected or returned to First Tennessee for any reason.

J. Examinations and Inspections

First Tennessee or its agent shall have the right, upon reasonable advance notice and during normal business hours, to examine the records of State and State's internal processes and controls related to this Operating Procedures document, including but not limited to, State's accounts receivable cycle and data security policy. If State utilizes the lockbox services of a third party, First

Tennessee's right of inspection shall extend to the examination of such third party's internal processes and controls relating to this Operating Procedures document. In the event First Tennessee's examination and inspection identifies weaknesses in State's internal processes or controls related to the use of the ICL services, State agrees to implement any commercially reasonable recommendations by First Tennessee to cure such deficiency.

K. Returns and Adjustments

An adjustment ticket will be made for any rejects/unqualified items identified through file validation. First Tennessee cannot guarantee that the Federal Reserve or paying bank won't reject or return any item presented due to more restrictive edits. First Tennessee will send an email notification to the State's ICL email box of any adjustments to their account the next business day after receipt of the return or adjustment. For returns, the State will provide First Tennessee with Return Item processing instructions. The State and First Tennessee have agreed that a future process may be defined and implemented at the State's request, whereby First Tennessee will electronically transmit a daily Return ICL to the State for each 'point of origin' (depository account). First Tennessee will archive these files for a minimum of 30 days.

IX. Foreign Items.

- A. Foreign checks or other cash items presented for deposit to the State's account which are drawn on or payable at or through banks located outside the United States (referred to herein as "Foreign Items") are subject to the terms and procedures set forth in this section. First Tennessee establishes clearing arrangements from time to time with foreign banks in certain foreign countries for the clearing of Foreign Items. This list of such countries may change from time to time without notice to the State. Foreign Items presented for deposit, at First Tennessee's election, may be sent for collection with credit upon receipt of the funds.
- B. Foreign Items must be presented by submitting the original item with a deposit slip or other form acceptable by First Tennessee indicating the account number to receive credit. The Foreign Item may be submitted to First Tennessee's International Department at 165 Madison Avenue, 15th Floor, Memphis, TN 38103. Image presentment of the Foreign Item is not available.
- C. In the event the State deposits any Foreign Item drawn on or payable at or through a foreign bank office located in a country in which First Tennessee does not at that time undertake to clear Foreign Items (or the State deposits any Foreign Item which is unacceptable to First Tennessee for any other reason), First Tennessee will reverse any credit made to the State's account with respect to such Foreign Item and return such Foreign Item to the State or advise the State to pick up same (which the State shall do within a reasonable time). Foreign Items unacceptable to First Tennessee, include but are not limited to, Foreign Items presented for an amount less than \$300 U.S. Dollar equivalent which must be sent for collection.
- D. The State acknowledges and understands that banks located outside the United States generally are not subject to the check clearing laws, regulations, and customs in effect in the United States (such as the Uniform Commercial Code or Federal Reserve Board Regulations CC or J), which require domestic drawee banks either to make final payment or promptly return domestic items in an expeditious manner. In addition, the processing, transportation, clearing and return of Foreign Items takes more time and relies on manual handling, which is prone to a higher incidence of delay or other errors compared to domestic items, for which processing is substantially facilitated by computers.
- E. Foreign Items received for deposit or collection will be confirmed by e-mail on the date of the credit or payment by providing a copy of the item and credit to the State's designated contact.
- F. Any credit given by First Tennessee to the State with respect to the deposit of a Foreign Item shall be provisional and subject to First Tennessee's ability to receive provisional credit from a foreign correspondent and subject to reversal at any time in the event First Tennessee learns that such Foreign Item has been dishonored or payment refused or reversed or that any settlement received by First Tennessee has been reversed, for any reason whatsoever. In such event, First Tennessee may debit the State's account for such Foreign Item or, at First Tennessee's election, the State shall reimburse First Tennessee for such Foreign Item upon demand. First Tennessee shall have no obligation to: (i) file or arrange for filing of legal protest as to any dishonored item; (ii) resubmit any dishonored or returned Foreign Item for presentment a second time, regardless of the reason for

dishonor or return, and regardless of the existence of any "standing" instructions for the State to resubmit dishonored items generally or for specific reasons; or (iii) assert against the drawee or any clearing bank or other party any legal claim or dispute regarding dishonor or return or reversal of credit with respect to a Foreign Item, or the timeliness thereof, or any other claim or dispute relating to a Foreign Item.

- G. First Tennessee shall notify the State of any dishonored or returned Foreign Item by charging the Foreign Item back to the State's account if provisional credit was previously given and sending the Foreign Item to the State or, at First Tennessee's election, by notifying the State orally, in writing, or electronically that such Foreign Item has been dishonored or returned or that settlement received by First Tennessee with respect to such Foreign Item has been reversed. For Foreign Items sent for collection, First Tennessee shall notify the State of any dishonored or returned Foreign, charge the State's account for collection fees and expenses, including any other bank's fees, and send the Foreign Item to the State or, at First Tennessee's election, by notifying the State orally, in writing or electronically that such Foreign Item has been dishonored or returned. First Tennessee shall give such notification within seven (7) banking days after First Tennessee receives return of the physical Foreign Item (or a photocopy of the Foreign Item if the physical Foreign Item is lost, mutilated, or destroyed). First Tennessee shall not be obligated to notify the State with respect to any information First Tennessee may receive regarding delay in transit of a Foreign Item. First Tennessee shall not be obligated to notify the State regarding any information First Tennessee may receive (orally, in writing, electronically, or in any other manner), other than by means of First Tennessee's receipt of the physical Foreign Item (or a photocopy), concerning dishonor or return of a Foreign Item, including identification of the State as the depositor of such Foreign Item, without researching or reviewing any other First Tennessee record.
- H. Bank shall not be liable to the State for any loss, expense, cause of action, or damages arising out of or in connection with Foreign Items deposited with First Tennessee, except as specifically set forth in this paragraph. In the event any Foreign Item is lost or destroyed while in First Tennessee's possession and before dishonored by the drawee bank, First Tennessee shall attempt to obtain payment from the drawee bank by furnishing a photocopy, if available, to the drawee bank, but First Tennessee shall have no obligation to do so with respect to any Foreign Item in an amount greater than \$1,000. If the drawee bank fails to honor such request for payment solely for the reason that the original Foreign Item (lost or destroyed while in First Tennessee's possession) has not been presented for payment, First Tennessee shall be liable to the State for an amount not exceeding the lesser of (i) \$1,000, or (ii) the amount of the State's actual and direct loss due to nonpayment of such Foreign Item, provided that the State has made reasonable efforts to mitigate such loss by adjusting accounts between drawer and the State or by taking other reasonable collection action to obtain payment from the drawer on the underlying transaction. Foreign Items shall not be deemed to be in First Tennessee's possession while in transit or while in possession of clearing or drawee bank or any other party. In the event First Tennessee fails to notify the State of First Tennessee's receipt of a returned Foreign Item within seven (7) banking days, First Tennessee shall be liable to the State for an amount not exceeding the lesser of (i) \$1,000, or (ii) the amount of the State's actual and direct loss attributable solely to Bank's delay in providing

such notification. The remedies set forth in this paragraph shall be the State's sole remedies, and First Tennessee shall not be liable to the State with respect to Foreign Items except as specifically set forth herein and to the extent set forth herein. The State has been advised to take the risks and limitations on remedies with respect to Foreign Items into consideration when the State decides whether to accept payment from a third party by means of a Foreign Item exceeding \$1,000 in amount or to require that payment be made by other means, such as electronic funds transfer.

- I. First Tennessee will charge the State's account(s) its customary fees and charges in effect for processing, clearing and return of Foreign Items, and the State understands that such fees and charges may exceed those customarily charged with respect to domestic items. First Tennessee may also collect from the State the amount of any fees and charges imposed on First Tennessee by foreign clearing or drawee banks with respect to Foreign Items presented by the State. During the term of the Contract, the fees for Foreign Items are as follows:

Canadian Foreign Item provisional credit other currency Foreign Item provisional credit Collection items – Fee

Collection items — Postage (unless over \$10,000- see below) Collection items – Tracers on Foreign Items after 30 days (first tracer after 15 days is done at no charge)

\$ 5.00 per item

\$20.00 per item

\$45.00 per item

\$ 7.00

\$20.00

Collection items – Courier Fee for checks over \$10,000 or to countries with mail delivery problems

Variable

With respect to Foreign Items payable in foreign currency, the State understands that First Tennessee generally will provisionally credit the State's account at the U.S. Dollar equivalent of the face amount of the Foreign Items at First Tennessee's spot buying rate of exchange for the applicable foreign currency in effect on or about the date on which First Tennessee prepares the Foreign Item for delivery to a foreign clearing or drawee bank of clearing. If credit is made to the State's account initially on some other basis, First Tennessee generally will adjust such credit subsequently to the amount calculated as described in the preceding sentence. If Foreign Items deposited by the State are dishonored, returned, or First Tennessee's receipt of settlement is reversed for any reason; First Tennessee generally will debit the State's account at the U.S. Dollar equivalent of the face amount of the Foreign Items at First Tennessee's spot selling rate of exchange for the applicable foreign currency in effect on or about the date on which First Tennessee processes such dishonored or returned item or reversal of settlement received by First Tennessee, plus applicable fees and charges.

X. Settlement Account

- A. First Tennessee reports all transactions affecting the State account via Business Banking Online which includes real-time balances and transactions including intra-day items for all accounts.
 - 1 The State will designate system administrator (super-user) who grants to various employees the appropriate levels of access and user limits to the State accounts. The State would perform user maintenance by designating only authorized individuals to grant access within Business Banking Online. This will allow several employees to use Business Banking Online but only allow access to those features designated by the System Administrator.
 - 2 The State's system administrators will notify the Business Service Center at (888) 382-4968 if any questions or issues related to Business Banking Online.
 - 3 The State will request all Business Banking Online profile changes through First Tennessee relationship manager or Treasury Management Sales Officer.
- B. The State will deposit initially \$100,000,000 in a collateralized interest bearing account (Settlement Account) at First Tennessee and will make full or partial settlement at any time it reaches a net debt position of \$100,000,000. The First Tennessee Relationship Manager contacts the State Wire Room at (615) 741-3905 to initiate the settlement process under these circumstances.

XI. Daily Settlement Account Statement

- A. Daily account transaction detail for the previous day is available to the State by approximately 7:00a.m. through the BAI2 previous day's settlement file through the Online File Transfer application.
 - 1. Sufficient detail is provided through the daily account activity reports to allow the State to confirm that all activity has posted to the account.
 - 2. The State will notify the Business Service Center at (888) 382-4968 if data files are unable to be received through the Online File Transfer application.
- B. Monthly bank account statement(s) will be available online via BBOL and mailed within three business days after the statement cutoff.

XII. Monthly Account Analysis

- A. Monthly Account Analysis Statement will include the specific charges itemized in the contract.
- B. Monthly Account Analysis Statements will be available online via BBOL within three business days after the statement cutoff.
- C. Monthly Account Analysis Invoice will be mailed within four business days after the statement cutoff. The Account Analysis Statement and Invoice will be mailed as a combined mailing.
- D. First Tennessee will mail the monthly invoice

to: Accounting Division, Bank Accounting
Tennessee Treasury Department
PO BOX 198767
Nashville, TN 37219-8767
- E. The State has agreed that First Tennessee will bill the State for ICL Deposit volume based on the number of checks deposited in lieu of the proposed image volume included in the ICL deposit file. There are two images per check document, therefore the cost per check will be adjusted and billed accordingly.

XIII. Communication Link and Data Security

- A. State and First Tennessee agreed on the most appropriate communication link for each service.
 - 1. For ICL data files originating from the State, the State and First Tennessee agreed to use a SFTP transmission.
 - 2. For ACH data files, the State and First Tennessee agreed to use FTP over an encrypted VPN tunnel.
 - 3. For outgoing Wire data files, the State and First Tennessee agreed to use FTP over an encrypted VPN tunnel.
 - 4. For Wire data file confirmations, the State and First Tennessee agree to use SFTP.

5. For BAI2 files, the State and First Tennessee agreed to use Online File Transfer application.
 6. Additional information on confirmations can be found in the ACH, Wire, and ICL service sections.
- B. Any data files which are not acceptable shall not be processed and the State will be notified by First Tennessee according to the escalation procedures based on each service.
- C. First Tennessee will be required to change the password on user accounts utilized when pushing files to the State's mainframe at least every 90 days. Treasury Security will contact First Tennessee Data Transmissions Team no less than 7 days prior to expiration, to coordinate the changing of the password at a mutually agreeable date and time. Since the change needs to be done "real-time", it will typically be done during business hours when no ACH activity is occurring.

XIV. Setup, Testing and Support

- A. State will furnish to First Tennessee data files, authorizations, forms and documents that First Tennessee may request to prepare and complete the certification process for each different data file. State and First Tennessee will develop documentation (Attachment Q and 0.1) to define each data file, authorized representative, technical representative, contact information, receive timelines, and file cutoff.
- B. State will complete the certification process for each data file with the authorized representative of each data file.
1. First Tennessee will notify the State when the verification process can start with the appropriate resources.
 2. The State and First Tennessee will transmit test data files through the different communication links.
 3. The State and First Tennessee will certify each data file.
 4. The State and First Tennessee will notify the appropriate resource with the testing results.
 - a. Once the State and First Tennessee approves the format of each data file, no change will be made to the data file layout without obtaining written approval from the State and First Tennessee.
- C. Procedures for data files through the communication link
1. The State will transmit production data files through the different production communication links.
 2. All transmitted files will be received by First Tennessee in an incoming directory based on the agreed file naming convention.
 3. First Tennessee will process each data file direct each data file type to the wire, ACH, Custody or ICL services.

- a. All incoming data files will have a history of 7 calendar days within each connect mailbox and a data retention of 7 days on First Tennessee mainframe.
 - 4. First Tennessee will transmit production outgoing data files to the State.
 - a. First Tennessee will attempt the transmission three times. After the third attempt, First Tennessee will contact the appropriate resource at the State.
 - b. All outgoing data files will have data retention of 7 calendar days within each connect mailbox and a data retention of 7 days on the mainframe.
 - 5. If file confirmations are not received by the State, the State will notify the Business Service Center at 1-888-382-4968.
- D. Procedures for data files when data files fail through the communication link
- 1. State will notify the Business Service Center at (888) 382-4968 if data files are unable to be transmitted or received through the different communication links.
 - a. First Tennessee Bank and the State have established primary and secondary connections which are FTP over an encrypted VPN tunnel and SFTP to deliver ACH and Wire files electronically until State or First Tennessee Bank agrees to activate a contingency data transmission plan or the disaster recovery plan such as Laptop File Delivery option or SunGard VPN. The State will use the Bank's Online File Transfer, a secure HTTPs connection, as a secondary alternative to electronically move ICL files. Based on the data file type and the different service deadlines, State and First Tennessee will decide the appropriate action depending on the expected outage.
 - b. Communication link is down with no ability to electronically send files between State and First Tennessee.
 - i. The State will notify the Technology Operations Center (TOC) that the State's resource will deliver files manually using a laptop running Citrix or other media source mutually agreed to by both parties. The telephone number for TOC is 1-888-227-2795. TOC is staffed 24 x 7.
 - ii. A State's resource will load all of the ACH and ICL files on a laptop running Citrix or other device mutually agreed to by both parties and delivery the files to the Nashville Lockbox location at 511 Union Street Nashville TN 37219. The Bank requires a minimum 2 hour notice to have staff onsite outside the normal business hours. Bank personnel required to move files will be 'on call' up to 2 hours prior to the established processing deadlines.
 - iii. A First Tennessee Bank resource will copy the data files to a First Tennessee Bank computer to upload files to the correct server for processing. All files that are sent to the State will be copied from FTB computer to the State's laptop or other media source mutually agreed to by both parties.
 - iv. All wire origination will be initiated over the phone.
 - c. State implements the contingency data transmission plan when only the State's Treasury Office is impacted.
 - i. The State will notify the Technology Operations Center (TOC) that the State's resource will deliver files manually using a laptop running Citrix or other media source mutually agreed to by both parties. The telephone number for TOC is 1-888-227-2795. TOC is staffed 24 x 7.

- ii. A State of TN resource will load all of the ACH and ICL files on a laptop running Citrix or other media source mutually agreed to by both parties and deliver the files to the Nashville Lockbox location at 511 Union Street Nashville TN 37219. The Bank requires a minimum 2 hour notice to have staff onsite outside the normal business hours. Bank personnel required to move files will be 'on call' up to 2 hours prior to the established processing deadlines.
- iii. A First Tennessee Bank resource will copy the data files to a First Tennessee Bank computer to upload files to the correct server for processing. All files that are sent to the State will be copied from FTB computer to the State's laptop or other media source mutually agreed to by both parties.
- iv. All wire origination will be initiated over the phone.
- v. If the Nashville Lockbox location is impacted, the State will notify the Technology Operations Center (TOC) at 1-888-227-2795 indicating the First Tennessee Bank's alternate location and the time that the State's resource will deliver files manually using a laptop running Citrix or other media source mutually agreed to by both parties. The list of First Tennessee Bank locations with a 50 mile radius is listed in Attachment CC.
- vi. First Tennessee will contact internal First Tennessee Bank's resources to help deliver files manually using a laptop running Citrix or other media source mutually agreed to by both parties. The Bank requires a minimum 2 hour notice to have staff onsite outside the normal business hours. Bank personnel required to move files will be 'on call' up to 2 hours prior to the established processing deadlines.
- d. State implements their disaster recovery plan to move their primary data center to their disaster recovery site.
 - i. The State will notify Technology Operations Center (TOC) at 1-888-227-2795 indicating that the State will move its primary data center to their disaster recovery site.
 - ii. State will activate their disaster recovery site managed by SunGard which will be active within a maximum time of 72 hours. Tapes are flown to Wayne, Pennsylvania PA and loaded on the mainframe.
 - iii. The State and FTB resources will point the use FTP over an encrypted VPN tunnel and SFTP to the new location.
 - iv. The State and FTB resources will determine when to move back to the primary connection.
- e. First Tennessee Bank implements their data recovery plan to move their primary data center to our disaster recovery site.
 - i. First Tennessee Bank will notify State's Call Center at (615) 741-4927 indicating that First Tennessee Bank will move its primary data center to their disaster recovery site.
 - ii. When First Tennessee Bank implements its disaster recovery plans, our primary data center will switch to the disaster recovery site.
 - iii. The State would need to utilize the Secondary VPN tunnel. State will need to confirm that they can receive data transmissions to First Tennessee Bank's secondary site.
 - iv. The State and FTB resources will determine when to move back to the primary connection.

- E. Procedures for requesting and transmitting archived data files
 - a. To retrieve an archive Wire, ICL, and ACH data file from First Tennessee, the State will notify the Business Service Center at 1-888-382-4968. These files will be placed in an outgoing directory for the State to retrieve.

XV. Operating Procedures Authorization

The parties identify below certify that this document accurately represents the agreed upon Operating terms until such a time as the document is revised.

Tim McClure, Cash Manager
Tennessee Treasury Department
11th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, Tennessee 37243-0208
tim.mcclure@tn.gov

W.A Pete) Stringer P-Relationship Manager
Public Institutions & Non Profits
First Tennessee Bank National Association
511 Union Street, 4th Floor
Nashville, Tennessee 37219
wastringer@ftb.com